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CORPORATE INSURANCE MANAGEMENT



TYLER DAVIDSON FOUNTAIN, CINCINNATI, OHIO

(Photo courtesy: Cincinnati Chamber of Commerce)

AMERICAN SOCIETY OF INSURANCE MANAGEMENT

Volume 6

JANUARY 1959

Number 1

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Linda Burke, Editor

Eight West Fortieth Street, New York 18, N. Y.

About the cover . . .

The Tyler Davidson Fountain, the Spirit of Water (1871), dominates Fountain Square in the business section of Cincinnati. Designed by the German sculptor, August von Kreling, it was cast at the royal foundry in Munich and given to the city by Henry Probasco.

On the north side of the pedestal is the name "Tyler Davidson"; on the south, "Henry Probasco"; on the east "To the People of Cincinnati"; and on the west, "1871."

About the pedestal are fluted basins ornamented with shells, coral reefs of water lilies. From the center rises a shaft, spread at the top with interlaced vines and foliage and about these are four groups. On the north is a workman standing upon a burning roof and imploring the aid of water. At the south is a farmer standing in the midst of a field where may be seen the effects of a drought. Upon these two groups the Genius of Water is dropping a gentle spray. At the west is a young girl offering water to an old man with crutches. On the east is a mother, partially nude, leading her naked and reluctant boy to the bath.

The central and crowning figure is the Genius of Water, a female in flowing robes standing over all with outstretched arms from which fall the life-giving sprays.

We Honor . . .

Cincinnati Area Insurance Managers, a chapter of the American Society of Insurance Management, Inc., on the occasion of its Insurance Conference on Wednesday, January 28, 1959, at the Netherland-Hilton Hotel in Cincinnati, Ohio.

This chapter was one of the first to affiliate with the American Society of Insurance Management, Inc. It was the first and only chapter of ASIM to elect a woman president, Mrs. L. M. Clore (1953-1954) (general chairman of the Insurance Conference). Its members represent companies of international renown.

The officers and members of the American Society of Insurance Management, Inc., through The National Insurance Buyer, are proud to honor the Cincinnati Area Insurance Managers, ASIM, and to congratulate its officers and members for planning and executing an Insurance Conference of such gigantic scope.

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The National Insurance Buyer, published bi-monthly as the official publication of The American Society of Insurance Management, Inc., 8 West 40th Street, New York 18, New York. Linda Burke, Editor. Copyright 1959 by the American Society of Insurance Management, Inc. Subscription \$5.00 a year. Advertising rates on request.



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H. Stanley Goodwin

Elected President of the American Society of Insurance Management, Inc.

H. Stanley Goodwin, Vice President of McKesson & Robbins, Inc., New York, N. Y., was elected President of the American Society of Insurance Management, Inc., at the Seventh Annual Meeting of ASIM held at The Drake, Chicago, November 16th-17th, 1958.

Mr. Goodwin succeeds Joe T. Parrett of the Carnation Company, Los Angeles, California, who will serve as Chairman of the Executive Committee.

Serving with Mr. Goodwin are: W. Howard Clem, Schlumberger Well Surveying Corporation, Houston, Texas, 1st Vice President; T. V. Murphy, Maryland Shipbuilding & Drydock Company, Baltimore, Maryland, 2nd Vice President; F. W. Norcross, The Budd Company, Philadelphia, Pennsylvania, Treasurer; and Merritt C. Schwenk, Jr., Freuhauf Trailer Company, Detroit, Michigan, Secretary.

Peter A. Burke will continue as Managing Director with offices in New York at 8 West 40th Street.

Because of the rapid growth and expansion of the American Society of Insurance Management, five Regional Vice Presidents were elected at the annual meeting. They are:

Region #1—New England States — Richard Prouty, The Norton Company, Worcester, Mass.; Region #2 — Mid-Atlantic States — Frank W. Pennartz, Food Fair Stores, Philadelphia, Pa.; Region #6 —



H. Stanley Goodwin

H. Stanley Goodwin, Vice President of McKesson & Robbins, Inc., New York, is president of the American Society of Insurance Management, Inc.

Mr. Goodwin attended Kent School and Princeton University; was a Lieutenant Commander, U. S. Navy in World War II.

He joined McKesson & Robbins, Inc., in September 1947 as Assistant Vice President, in charge of the Insurance Department and was elected Vice President in 1957.

H. Stanley Goodwin is a past president of New York Chapter, ASIM, and a member of the Insurance Committee of the Chamber of Commerce of the United States.

Northwest States — Horace V. Noland, M. F. Patterson Dental Supply Company, St. Paul, Minn.; Region

#7 — Southwestern States — David C. Morris, Chance-Vought Aircraft, Incorporated, Dallas, Texas; Region #8 — Pacific States — William A. Miller, Richfield Oil Corporation, Los Angeles, California.

Hold-over Regional Vice Presidents are: Region #3 — South Atlantic States — B. M. Hulcher, Southern States Cooperative, Inc., Richmond, Virginia; Region #4 — Mid-Western States — Charles H. Thiele, Federated Department Stores, Cincinnati, Ohio; and Region #2-A — Mid-Atlantic States — Ralph W. Low, Westinghouse Electric Corporation, Pittsburgh, Pa.

The American Society of Insurance Management, Inc., has 17 chapters in the principal cities of the United States and one in Montreal, Canada. Each chapter is represented on the Board of Directors:

Atlanta, Georgia — Barney E. Carnes, Jr., Delta Air Lines, Inc., Atlanta, Ga.; Central Illinois — Gehl Tucker, A. E. Staley Manufacturing Company, Decatur, Illinois; Central Massachusetts — Charles G. Gould, Bay State Abrasive Products Company, Westboro, Mass.; Chicago — Casimir Z. Greenley, International Minerals & Chemical Corporation, Chicago, Illinois; Cincinnati — Albert J. Haberer, The Procter & Gamble Company, Cincinnati, Ohio; Dallas-Fort Worth — T. T. Redington, Jr.,

(More on page 4)

ASIM

(From page 3)

Dresser Industries, Inc., Dallas, Texas; Delaware Valley — Charles R. Garton, Atlantic City Electric Company, Atlantic City, New Jersey; Detroit — Robert M. Cone, General Motors Corporation, Detroit, Michigan; Houston — Edward C. Stokely, Dow Chemical Company, Freeport, Texas; Maryland —

J. Donald Prince, The Hecht Company, Baltimore, Maryland; Minnesota — Howard T. Weber, Minnesota Mining & Manufacturing Company, St. Paul, Minnesota; New York — Wm. D. McGuinness, Standard Oil Company of New Jersey, New York, N. Y.; Montreal — J. G. Harper, Northern Electric Company, Limited, Montreal, P.Q. Canada; Northern California — O. A. Wees, Crown Zellerbach Corpora-

tion, San Francisco, California; Oregon — Fred J. Mattson, Jr., West Coast Lumbermen's Association, Portland, Oregon; Pittsburgh — Frank A. Hunter, Eastern Gas & Fuel Associates, Pittsburgh, Pa.; Southern California — Harvey Humphrey, Title Insurance and Trust Company, Los Angeles, California; Virginia - Carolina — A. Grant Whitney, Belk Stores, Inc., Charlotte, North Carolina.



BOARD OF DIRECTORS - CHAPTER PRESIDENTS

THE DRAKE - NOVEMBER 16, 1958.

Seated, left to right: Horace V. Noland, Charles G. Gould, T. V. Murphy, Paul G. Stickler, B. E. Kelley, Robert M. Cone, Harvey Humphrey, Frank W. Pennartz, Miss Wheeler, Joe T. Parrett, W. Howard Clem, A. J. Haberer, William E. Reimer, Roy A. Balling, Fred J. Mattson, Jr., George A. Mearns, Raymond V. Brady, C. Henry Austin, H. Stanley Goodwin, George M. Betterly. Standing, left to right: Ralph W. Low, Wesley A. Johnston, Casimir Z. Greenley, Richard E. Blakley, F. L. Kiernan, Charles R. Garton, Barney E. Carnes, Jr., Charles H. Thiele, William B. Quay, Jr., R. W. Rainwater, and Peter A. Burke.

Seattle Becomes the Fourth Westcoast Chapter Of ASIM

Application for membership in The American Society of Insurance Management, Inc., and a charter as a local chapter of ASIM have been made by prominent companies in the Seattle, Washington area, through their respective corporate insurance managers.

A formal meeting for the adoption of By-laws and the election of officers is to be held in January. Thus making

Seattle the fourth chapter of the American Society of Insurance Management, Inc., on the Pacific Coast.

Boeing Airplane Company, Pacific American Fisheries, Inc., and Weyerhaeuser Timber Company have been members of the American Society of Insurance Management, Inc., for some time.

The companies whose new applications for membership have been accepted are:

General Construction Company, Halferty Canneries, Inc., New England Fish Company,

Pacific Car and Foundry Company, Peoples National Bank of Washington, Puget Sound Bridge and Dredging Company, Puget Sound Power & Light Company, Seattle First National Bank, Simpson Timber Company, University Properties, Inc., West Coast Airlines, Inc., Whiz Fish Products Company, and Howard S. Wright Construction Company.

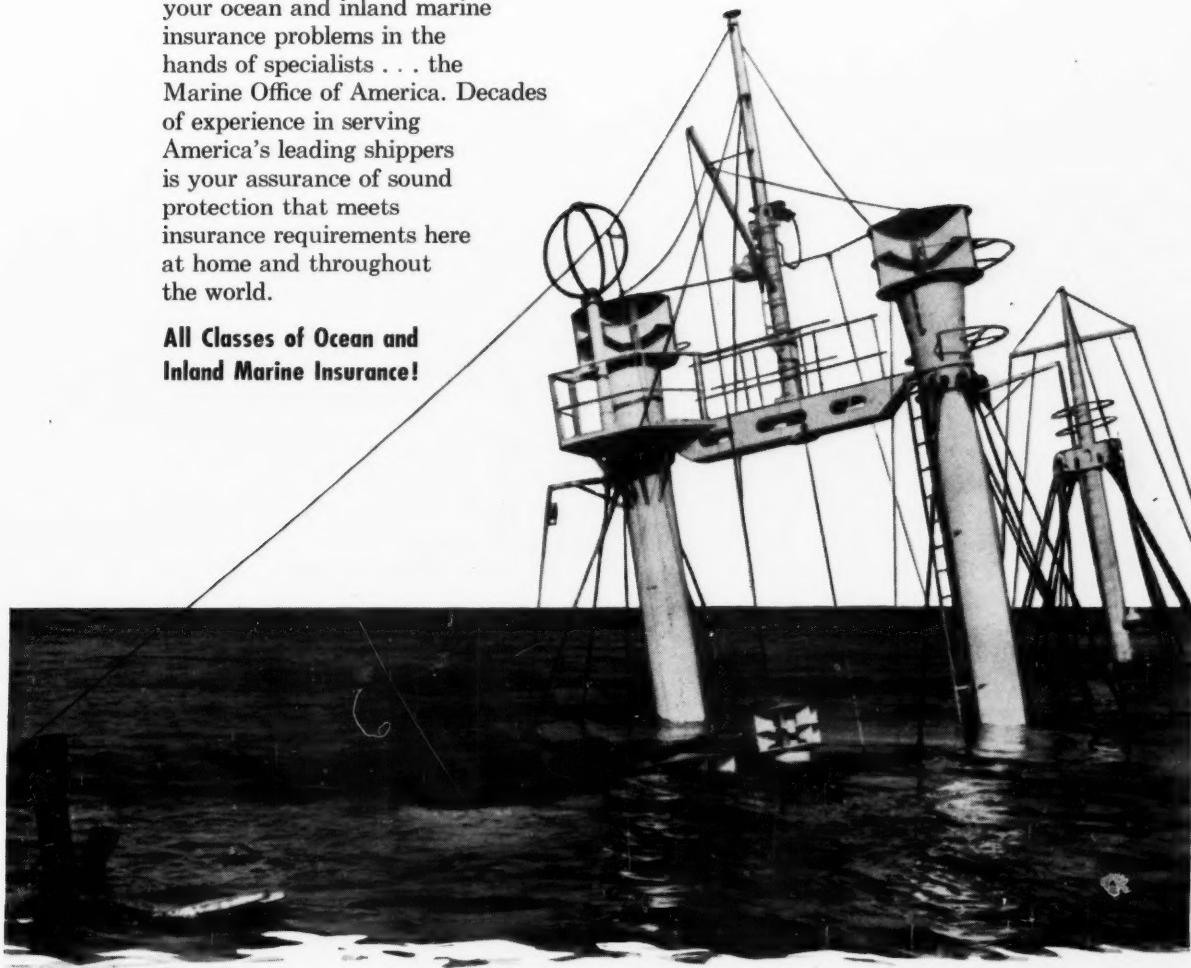
(The March 1959 issue of *The National Insurance Buyer* will publish a complete list of the new officers and directors.)

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Deductibles and All-Risk Physical Damage Insurance

by

Bradford Smith, Jr.

Executive Vice President

Insurance Company of North America

(Address before the American Society of Insurance Management, Inc., Seventh Annual Meeting,
Chicago, Illinois — November 17, 1958)

In giving a paper such as this, it is appropriate at the outset to make some small display of apt quotation or humor. This led me to Bartlett's Quotations.

I first looked in the index to see if by chance some author had made a clever statement about an underwriter. If so, Bartlett doesn't seem to know about it. The nearest thing to underwriter was "Underwear", and the First World War couplet, "Madamoiselle from St. Nazaire, She never heard of underwear."

While this may be an interesting statistic, it is in no way related to our subject. I have, however, come across underwriters who have been reduced to nothing more than their underwear, having lost their shirts in All-risk underwriting.

Going from Underwriter to other components of my topic, I searched out the word "deductible" and found only fragmentary quotations from Conon Doyle, wherein Dr. Watson extolled Holmes' skill in making deductions. Again, this goes somewhat afield, although I am sure that there are many Underwriters, like myself, who would give a great deal to possess some of Holmes' extraordinary powers.

Approaching the end of my rope, I looked up "risk" and found a quotation from a certain Alexander Smith, "Everything is sweetened by risk." It is possible that Author Smith was right from his viewpoint, but *Underwriter* Smith feels that risks do not give sweetening: they need it, in the form of reasonable, adequate and fair rates.

* * *

With this concession to form out



About Mr. Smith . . .

Bradford Smith, Jr., joined the Insurance Company of North America in 1929 as a special agent. He was elected assistant secretary in 1936, fire secretary in 1940, and vice president in 1943. In December 1956, he was elected to the newly created post of executive vice president. Mr. Smith also serves as vice president of Life Insurance Company of North America and is a director of all of the Companies in the INA Group.

Mr. Smith serves on the board of directors of Fidelity-Philadelphia Trust Company and the Esterbrook Pen Company and is a member of the insurance committee of the Chamber of Commerce of the United States.

of the way, it is high time to get on with our comments on Deductibles and All-Risk Damage insurance. To begin, we should note that a substantial number of influential Underwriters are strongly opposed to these forms, and have even sought to keep other underwriters from offering them. They take the view that the demand for them does not warrant letting the bars down against what they believe to be inherently dangerous underwriting. However, the records will show that those opposed to change or innovation in insurance almost invariably advance this argument as though it were conclusive. You may have surmised that your speaker does not agree. Quite to the contrary, he believes that a policy of withholding a form of insurance until a demand for it overwhelms all objections, is a kind of ill-founded obstinacy which is harmful to our industry. Moreover, he believes that if insurance is to assume its rightful place in the coming upsurge of our national economy, it must be creative, it is not enough merely to satisfy known insurance wants or needs. Those that are hidden or latent in our economy must be unearthed and ways found to satisfy them. This is a basic principle in the dynamic development of American business.

Actually, there is a greater demand for deductibles and all-risk physical damage insurance than is recognized by Underwriters in the traditional American market. What is needed is positive and intelligent

(More on page 20)

1959 JANUARY 1959



A Winter vacation he'll never forget

This businessman knows that downtime is bad business when it must be paid for with lost revenue and expensive repairs. A boiler explosion can be very costly — yet even a simple accident involving a pressure vessel, turbine, compressor or electrical equipment can also be the direct cause of downtime and serious losses. Because, unless such power units are covered by specialized Engineering Insurance, there may be no compensation!

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gineering insurance needs of their policyholders; H.S.B. Field Inspectors, skilled in accident prevention and backed up by a large engineering staff, search constantly for signs of danger in power equipment insured by this Company. Their recommendations help prevent accidents and prolong the useful life of boilers and machinery.

Should an accident occur in spite of these many precautions, this nation-wide organization is ready to move into high gear to put specialists on the scene promptly to assist in rehabilitation and promote equitable claim settlement.

Ask your agent or broker to arrange for a complete check-up by Hartford Steam Boiler of *all* your power equipment insurance coverage. You will be served by the world's largest company *specializing* in Engineering Insurance.

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Remember, INSPECTION is our middle name

Hartford 2, Connecticut

A Theory of Risk Discovery

by

A. Hawthorne Criddle

**Executive Vice President, Ostheimer-Walsh, Inc.
Philadelphia, Pa.**

(Address before First Annual Insurance Conference — Delaware Valley Chapter of the American Society of Insurance Management, Inc. — October 8, 1958)

Corporate Management's responsibility to derive income and profits through the utilization of business assets implies an equal responsibility to protect and preserve them against fortuitous loss of significant amount. (Significance varies among corporations according to size and net worth and may be \$1,000 for a small one or \$10,000,000 for a very large one.) These business assets — and the income and profits derived therefrom, are subject to risks of loss through chance events, such as fire, explosion, the elements or other natural forces, accidents and criminal acts.

Practices in preservation and financial protection may vary widely among companies, but somewhere in the organization — usually the Treasurer's Department — there is one individual who has the principal duty to discover, evaluate and insure corporate risks. Whether or not he holds the title, he is in fact the Insurance Manager.

For the past three decades these Corporate Insurance Managers, both full and part-time, have done a remarkably effective job of knowing their risks. Many have labored under the handicap of having to superimpose the insurance function on top of another practically full-time duty. None have had the benefit of textbooks written especially to cover the Insurance Manager's job, nor, in fact, the benefit of any universally accepted principles or standard practices to guide them. They have worked under a variety of management philosophies and it is a personal triumph for each of them that they have now won general recognition of the importance of their function. Their successful past performance has been largely achieved through a combination of familiarity with the business affairs of their own corporations, their knowledge of insurance principles and practices, their common sense and a developed instinct for spotting risks. However, if ten insurance managers were asked how they accomplished their jobs, the diversity of their answers would surely establish that a science.

they practice their function as an art rather than as

There is substantial evidence that modern management recognizes that the real scope of the problem to be "Risk Management" rather than "Insurance Management" — the former embracing the treatment of all corporate risks of an insurable nature and the latter implying responsibility only for those risks which are actually insured. If Insurance Managers are to make the transition to Risk Managers, then it is obvious that one of their greatest needs is a scientific system of risk discovery, evaluation and analysis.

The nearest existing approach to such a system for developing loss exposures is the so-called "Insurance

(More on page 14)

About Mr. Criddle . . .

A. Hawthorne Criddle, Executive Vice President, Ostheimer-Walsh, Incorporated, attended the Wharton School of the University of Pennsylvania. He began his career in the Insurance Department of Seaboard Airline Railway and in 1929 joined Mather and Company, rising to Assistant Vice President of the General Brokerage Department. He resigned in 1949 to join Ostheimer and Company as Manager of their General Insurance Department, becoming Vice President and Director of Ostheimer-Walsh, Incorporated, in 1952, and Executive Vice President in 1957. He is also a Director of Ostheimer Realty Corporation.

Mr. Criddle is active in numerous professional organizations, has written a number of insurance articles for trade magazines, and is a member and past Director and Regional Vice President of the Society of Chartered Property and Casualty Underwriters. He is also a Director and member of the Speakers Panel of the Americans for Competitive Enterprise System.

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Compensation For Injuries Without Regard to Fault

by
Edward P. Gallagher
Vice President and
General Counsel
American States Insurance Company
Indianapolis, Indiana

Recently, New York newspapers printed extensive reports of lawyers, doctors, insurance adjusters and claimants who were involved in a million dollar fraud dealing in exaggerated and faked claims in Brooklyn. This is one more item which points up the tremendous amount of money involved in the payment of damages to injured persons today. However, the stealing of a million dollars in the damage racket is small indeed, compared to the accumulative destructive effect which an insidious and selfish group of barristers, small in number among the lawyers of our country, but wealthy in income, power, and, unfortunately, prestige, has had on the whole framework of our American legal way of life.

No one is more convinced than I, that the great body of American lawyers believe in high professional standards, and honestly and sincerely present the damage claims of their clients, to the defendant representatives. Many lawyers represent injured claimants, from time to time, but a small per cent of them represent a large per cent of the claimants. It is because most lawyers are professional and wait for clients to seek their services, that they are retained only occasionally in damage claims. While they exercise ethical restraint, a great part of the big personal injury fees from important cases, which in the natural course of law business would be divided among all lawyers, is acquired by a relatively few soliciting lawyers having no ethical standards either in the acquisition of, or in the handling of their business.

The July 1958 issue of the American Bar Association Journal discloses that there are approximately 250,000 lawyers in the United States. Their average income is around \$10,000 a year. It is my considered belief that not over one or two per cent of this number show in that group of which I am critical today. However, I believe that the contingent fees received by each of this small group of lawyers will range from \$75,000 to \$1,000,000 a year, in comparison to the \$10,000 average income of the general practitioner.

A lawyer who has any of the acquisitive qualities of a human being can shed a great many crocodile tears, and protest long and loud when anyone attacks his golden goose, particularly if it is giving him a half million dollars a year. I imagine those who will be the most bitter about this paper will be the ones who are reaping the golden harvest to the fullest extent. I wonder if you realize how great this damage business is. In 1957, there were 38,500 persons killed and 1,400,000 persons injured in auto accidents alone in this country. This does not include the hundreds of thousands killed and injured in other kinds of accidents for which claims were filed. The money to pay the claims because of those injured or killed came principally from insurance companies, railroads, bus lines, public utilities, and other large industries who carry no insurance, but are large enough to be what is known in the industry as self-insured. The insurance companies alone paid \$1,658,320,000 for personal injury and

death claims, and another \$635,553,000 in property damage claims during the year 1957.

While there are no figures available, I imagine all of the railroads and the other self-insurors paid another 33-1/3 per cent of these sums. On this basis, payments for both personal injury and property damage claims amounted to over \$3,000,000,000 last year.

You can see how lawyers having a near monopoly on payments out of funds of money so tremendous as this, could have incomes of half a million dollars or so a year.

The trouble with this group is that it has whetted its appetite on all the golden eggs to such an extent that it is now carving up the goose. When you consider that the casualty insurance companies of America lost \$270,000,000 on auto bodily injury insurance alone in 1957, you can see that a good part of the goose is carved already. What is this contingent fee business as it exists today?

When lawyers first attempted to collect contingent fees in this country, the whole idea of a lawyer gambling for a per cent of his claimant's financial recovery was so repugnant to precedent that legal devices had to be inaugurated to avoid existing laws on champerty. No other countries in the world have permitted lawyers to collect under such a system except Spain, Lebanon, and a few Latin American countries.

The present climate under which the claimant lawyer can collect damages and contingent fees is a perfect one for him. There is read

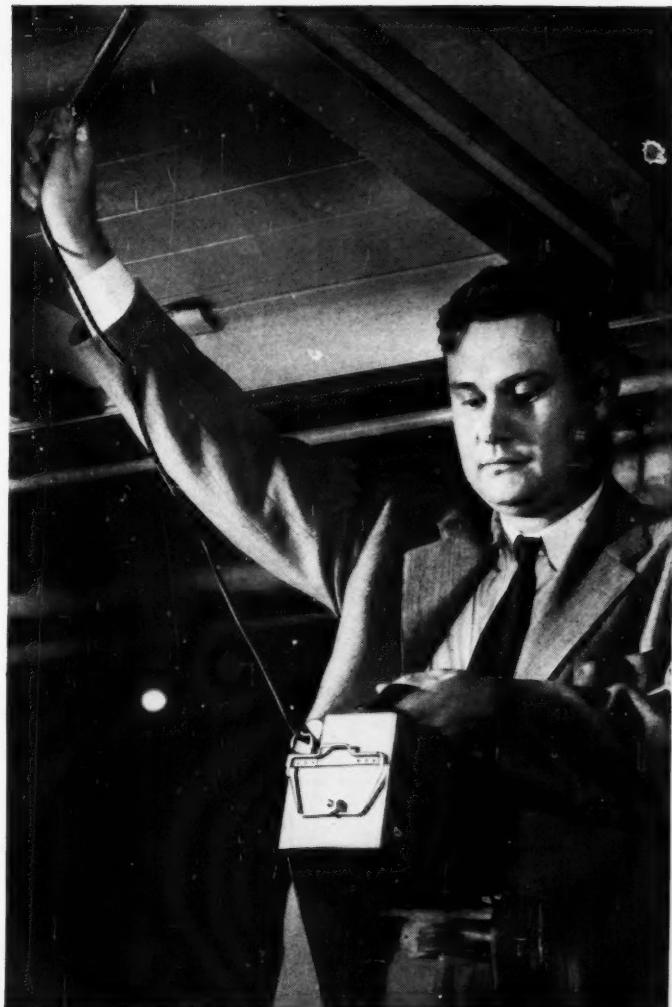
(More on page 33)

Insurance man with a geiger counter?

The *unusual* is commonplace to a Kemper man.

Here, a Kemper Industrial Hygienist is checking a client's plant where x-ray machines are used for inspection purposes on the floor above. With the aid of the geiger counter he can quickly determine if radiation leakage from the x-ray machines is dangerous or harmful to workers on the floor below.

This man, and the hundreds of Kemper safety specialists like him, work constantly to reduce losses for Kemper policyholders in factories, stores and on the highways. As a result, policyholders have increased control over losses, and thereby gain two important benefits: lower operating costs and worthwhile insurance savings.



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ASIM Chapter Proposed in Columbus, Ohio



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Superintendent of Insurance
State of Ohio

"Insurance companies are awakening to the challenge. Many have revised their public relations attitudes, have ended an historical attitude against change, are studying changes in regulations and are seeking a wage and job promotion framework that will be attractive to the intelligent person about to embark upon his life work."

Mr. Vorys urged his listeners to take an interest in insurance companies, their procedures, policies and the legislation which affects them. "Insurance is the handmaiden of commerce. As it flourishes, so does the economy," he asserted.

Attending the meeting were representatives of the following companies:

North American Aviation, Inc., The Julian & Kokenge Company, Anchor Hocking Glass Company, E. I. Evans and Company, The Columbus & Southern Ohio Electric Company, Capital City Products Company, Dresser-Ideco Company, Jeffrey Manufacturing Company, Clark Grave Vault Company, Lennox Industries, Jaeger Machine Company, M & R Dietetic Laboratories, Inc., The Peoples Development Company, Columbia Gas System Service Corporation, Weston Paper Company, Kilgore, Inc., and The Columbus Dispatch.

On December 9th, at a luncheon meeting held at the Fort Hayes Hotel, Columbus, Ohio, a record number of corporate insurance managers gathered to "kick-off" a local ASIM chapter, formal organization of which will take place on January 13th.

E. W. Alstaetter of North American Aviation, Inc., and Dr. John S. Bickley of the Ohio State University and an Honorary Member of ASIM, served as co-chairmen.

Arthur I. Vorys, Superintendent of Insurance, State of Ohio, was the principal speaker. Mr. Vorys said in part: "When insurance buyers speak, the insurance industry listens. In the past, you buyers have shown most of the imagination which has resulted in new insurance plans, added services and revised pricing schedules.

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An association of leading American capital stock fire, marine, casualty and surety insurance companies providing insurance protection in foreign lands

Risk Discovery — Criddle

(From Page 8)

Survey" used by insurance agents, brokers and companies. The survey has unquestionably made a partial contribution to a scientific technique of risk discovery but, for obvious reasons, it is not a system which completely fulfills the Risk Manager's requirements.

Insurance surveys, as their name implies, are primarily intended to develop information essential to the consideration of various forms of available insurance. So far as can be determined, no survey system in general use has been designed to develop all loss exposures or risks of an insurable nature, including the risks for which insurance is not readily available. This is not a criticism of the insurance survey as such, but a simple statement of fact that is quite a natural consequence since it is an insurance industry device.

The Risk Manager needs a "Corporate Risk Survey" — not an insurance survey. He needs a system of developing risks that is designed from the viewpoint of corporate business, using the kinds of data readily and customarily available and disclosing all exposures or risks of an insurable nature (as distinguished from "business" risks). The system should be uniformly applicable to all kinds of business and operations, and should be capable of accomplishment by predetermined, standardized methods so that risk discovery, evaluation and analysis can be performed by scientific procedures to provide the basic facts essential to the Risk Management function.

Insurance will not come up for consideration nor influence the performance of the job until the risks have been established. Then, for each risk that exists, the corporation will have three courses of possible action — it can eliminate the risk, assume the risk or transfer the risk (insure), and each course of action is appropriate to particular kinds of risk.

The purpose of this paper is to identify the categories of risks by results and causes; to outline the elements involved in the discovery, evaluation and analysis of risks; and then to state as a proposition one system of risk discovery that has long intrigued some Insurance Managers, Accountants, Bankers, Credit Men and Insurance Professionals, but which has never fully developed. The proposition will then be tested by application to a hypothetical case.

An initial premise is that insurable loss can arise only through damage to, destruction of or loss of possession of physical property, or as a consequence of such property loss, or as a result of injuries to or death of persons or damage to property or property rights of others. (Appendix A)

As a beginning point, the Risk and Insurance Manager must have a source of complete and reliable information upon which a preliminary opinion, or hypothesis, of possible risk can be predicated. He must have access to all factual data necessary to establish if the risk does, in fact, exist. If it does,

then he must have the future data by which to estimate the maximum possible loss. This factual data, used in a formalized system for risk discovery and analysis, should produce a reliable tabulation of the actual risks involving significant loss possibilities which cannot be practically eliminated. (Appendix B)

The proposition to be examined may be stated as follows:

"An initial identification of all possible insurable risks of loss may be directly observed or reasonably deduced from the Corporate Financial Statements; i.e., Balance Sheet, Profit and Loss Statement and subsidiary accounting records."

To test the validity, Appendix C gives a hypothetical corporate Balance Sheet and Operating Statement. The original assumptions of possible risk which may be drawn from each item have been illustrated by code reference from Appendix A — Category of risks — and are largely self-explanatory. Space does not permit the full development of the next step of testing the original assumption by factual determination. Instead a few items from the statements have been selected to establish the principles of the technique and the area of investigation.

Cash in banks:

A deposit in banks is simply a credit relationship and does not involve the risk of physical loss of actual currency and coin. However, there is a risk of loss of this credit through criminal, dishonest or fraudulent acts, particularly forgery. There is also the risk of bank insolvency. No consequential or liability exposures are evident.

The area of risk inquiry involves investigation of receipts, their form (cash or checks), accumulations before deposit, deposit procedures and internal controls, such as check signing authority and bank statement reconciliation.

Cash in offices:

Unlike cash in banks, this cash is in tangible form and all the risks of physical loss, damage or destruction rest upon the corporation while such funds are in any of its offices or being conveyed outside such offices. Cash is likewise subject to loss of possession by carelessness, error or mistake, including voluntary misdelivery to unintended persons. Risk investigation relates to where the money is kept, how it is transported and maximum amounts exposed.

Securities:

Securities may be kept in the office, a bank safe deposit box, or be pledged as collateral, or on deposit with a governmental authority. Where they are, how they are transported, whether they are negotiable or not, and the values would be necessary in order to estimate the risk of loss by physical damage or destruction or loss of possession from any cause. The exposure might be entirely eliminated if such securities were in the custody of a bank or an agency or custodian basis and the responsibility for safekeeping would be theirs.

(More on page 16)

You'll enjoy "THE TWENTIETH CENTURY," Sundays, CBS-TV



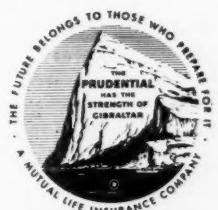
Funny thing about sand castles.....

They stand up pretty well against the small waves but vanish when one really big one comes along.

Some hospital and surgical plans are like that, too. They take care of the smaller bills without too much trouble...but let one serious illness or injury strike and they're not much help at all.

On the other hand, Prudential's **BASIC MAJOR MEDICAL EXPENSE PLAN** helps pay many of the small bills **AND** the big bills—the big ones no one can afford. That's the main reason why this plan keeps gaining in popularity among employers and employees alike. More than three-fourths of all the Group Major Medical Plans underwritten by Prudential during 1958 were **BASIC PLANS**.

For more information about this plan, call your Prudential Agent or Broker, or the Prudential Home Office or Group Office nearest you.



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Risk Discovery — Criddle

(From page 14)

Accounts receivable:

This asset value is exposed to the hazards of non-payment by the debtor (credit risk) and to inability to collect receivables in full because of the destruction of the accounts receivable records essential to collections. If such records consist of a vast number of accounts, concentrated at a single location and are not capable of reproduction except at prohibitive cost, then a substantial risk of loss exists.

In a similar category are other records, notes, deeds, drawings and valuable papers.

Inventory:

The exposure represented by this item relates to inventory owned by and in the possession or under the control of the corporation at the date of financial statement. It probably consists of raw materials and supplies and finished products. Inventory made be in the company's own manufacturing premises or in private or public warehouses or in the custody of processors or suppliers or in due course of transit. All such property is subject to physical damage, destruction or loss of possession. If this occurs, there is a possible consequential risk because of business interruption or other loss-causing conditions which were set in motion by the property destruction. There is also the risk of liability being incurred for injuries to persons or damage to property of others arising out of the ownership, existence or use of this property. Another characteristic is that such property customarily moves from place to place while still completely owned by the corporation; thus, there is a possible transit and location risk which may be significant with respect to high valued inventory items, especially when being transported by the corporation's own delivery equipment.

Risk investigation of this items begins at the point the corporation takes title, and embraces all possible loss exposures in transit, while in the company's own plant, or in storage, or in the hands of processors or others, or in inter-plant transit, until incorporated into final form and sold, delivered to and accepted by others. Values are necessary by locations and modes of transit. Because "inventory" is an item known to fluctuate, the investigation of values at risk should include maximum and minimum ranges.

Skipping down to the "Depreciation Reserve," we find the accumulated amount which has been deducted from original cost, usually to the maximum extent allowable under the Internal Revenue Code. Under accounting theory, this reserve should be available and adequate to span the gap between remaining value and present-day replacement cost. Under current conditions, it is rarely available as a liquid asset nor adequate to span the gap. Thus the existence of this Balance Sheet item discloses the amount of risk existing between current-day "actual cash values" and replacement costs.

In a similar fashion factual investigation proceeds

with respect to all other Balance Sheet items to verify or disprove the original assumption that a risk could exist.

The Operating Statement opens up new and different avenues of exploration. Sales may represent income from manufacturing, construction or other types of business. Each type incurs its own particular risks by its specific activity. If the corporation is a manufacturer, the terms of sale become important, as well as the express and implied warranties relating to their product. A part of the sales may be on an installment or conditional sales basis so that some risk continues until final payment. A single customer may account for 10%, 15% or 25% of all sales that would be lost if the customer's plant was destroyed, thus creating a consequential risk. If it is a construction company "sales" are the result of contracts. Contracts usually have a material effect upon the risks which exist and each requires analysis.

The notation of risk assumptions with respect to most other items of the operating statement identifies the area of possible risk to be explored but some indicate that a further breakdown is necessary to estimate the risks. For example, the item of "Manufacturing Expense" includes many sub-divisions. One of these is quite likely to be small tools, which in accordance with current accounting practice have been "expensed" and do not appear in the corporate capitalized property accounts as an asset. Nevertheless, they represent a real added value exposed to risk. An item of expense for a plant athletic team would disclose a possible liability exposure, as would an item for a plant hospital or dispensary.

These examples illustrates how each item investigated serves to disclose the risks which it creates and because the financial statements reflect the entire scope of corporate activity, the investigation of all the items and their subdivisions will disclose all the loss exposures or risks of an insurable nature.

Because the data obtained from the Balance Sheet is static as of the date of the statement and the data obtained from the Operating Statement contains information based on operations for a prior period, it is obvious that a risk program which undertakes to deal with dynamic business activities and provide adequate protection for current and future operating conditions must have current, complete and accurate information. This information can come only from an effective internal communications system. According to the size of the corporation, such internal communications may vary from a highly formalized procedural system to an informal system of dropping in on people who have the information or having lunch with them at frequent intervals.

So that the analysis may be kept up-to-date, the entire process could be repeated on an annual basis, very much as a property appraisal is periodically revised.

This is a very broad description of a system that appears to meet all the requirements of the Risk Manager in the field of discovery, analysis and evaluation of corporate risks. The primary data source

(More on page 18)

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C O N N E C T I C U T G E N E R A L



Risk Discovery — Criddle

(From page 16)

selected is one which is readily available and completely reflects all the risks which can arise with respect to corporate assets, income and operations. The method of developing the exposures is deemed to be scientific and to have universal application. It can be taught to students, expanded and improved in practice and become a standardized means of achieving one of the most important functions of Risk Management. It has the added advantage of being applicable to both the full-time and part-time Risk Manager because the work involved can be divided between the Risk Manager and Insurance Consultant or other representatives on a basis consistent with the time that the Risk Manager has to

devote. Presumably the full-time Manager would perform the entire operation and the part-time Manager would delegate it to his insurance representative after making arrangements to have necessary data available.

This type of corporate Risk Survey would be especially desirable as a basis for reports to directors, supervising executives, accountants, bankers, credit men and stockholders because it is directly related to the same kind of corporate financial exhibits with which they are accustomed to deal. It also provides all data essential to the insurance transaction, other than that customarily obtained by physical inspection.

This is necessarily a brief treatment of an extensive subject, but the conclusion is that the financial statement system is a scientific and reliable method for risk discovery, evaluation and analysis.

(APPENDIX A)

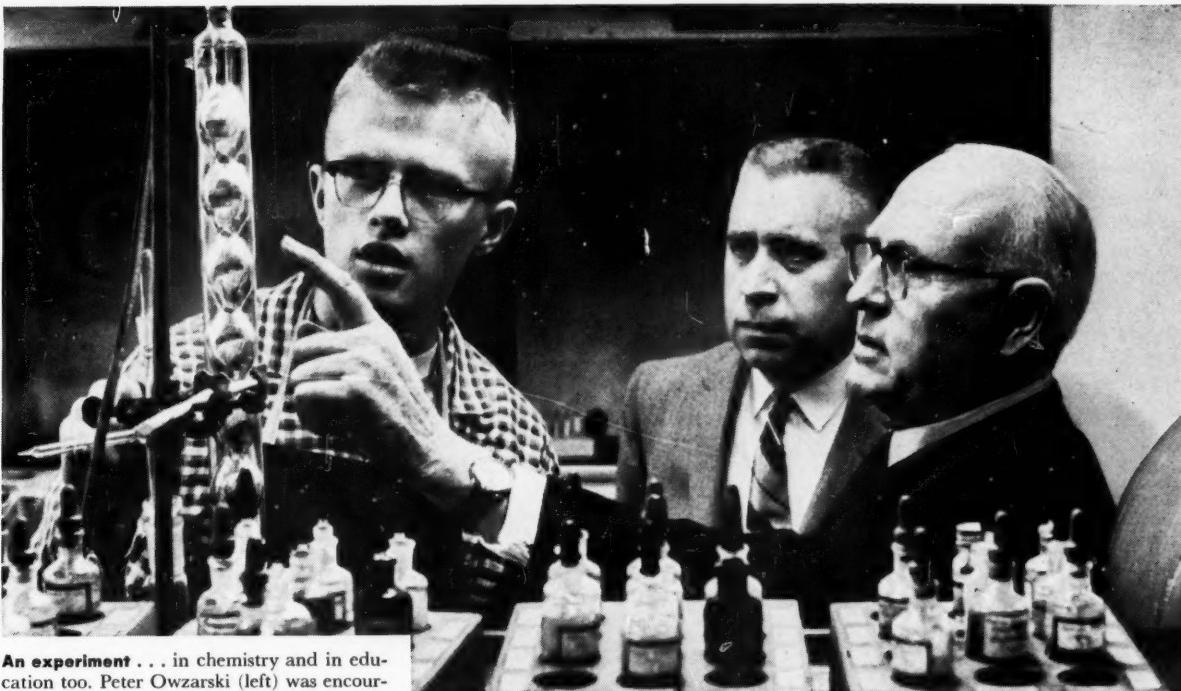
Category of Risks

Code Identification for subsequent reference

Description

| | "DIRECT PROPERTY RISK" | |
|------|--|--|
| I. | The risk of physical damage, destruction or loss of possession of property by: Fire, explosion, action of the elements or other natural forces; Accidents due to human or mechanical failure; Criminal, dishonest, malicious or fraudulent acts of employees or others; Carelessness, error or mistake; Defective or impaired title to property; Financial insolvency of others. NOTE: (Property Risk ordinarily rests first with the property owner, but may be assumed by non-owners by contract or imposed upon others by law.) | |
| II. | "CONSEQUENTIAL RISK" The amount at risk is not necessarily confined to the values involved in a "Direct Property Loss." Additional loss causing conditions may be set in motion by the event, such as: Inability to use buildings, machinery, equipment and materials for productive purposes, identified as loss of the "Use and Occupancy" of the property, "Business Interruption" or "Loss of Rents"; Loss of otherwise undamaged property resulting from interruption of process, damaged heating, refrigeration or other equipment essential to preservation; Reduction in value of undamaged property resulting from loss to an essential component part or related property forming part of a set, pair or integrated unit; Inability to enforce, or extra expense required to enforce, a legal right because of destruction of essential papers and records, such as deeds, securities and accounts receivable; Abandonment or destruction of undamaged portions of property or increased cost of repair or replacement under building codes or other laws or regulations; Loss of unearned prepaid items, such as insurance premiums; Inability to get raw or process materials because of "Direct Property Loss" to a supplier's premises; Reduction in sales because of "Direct Property Loss" to customer's premises; Prevention of business by a neighborhood property loss, area disaster, civil disturbance, etc.; Death or disability of a key man. NOTE: (Consequential risk is not limited to owner property, but may result from damage or destruction to property of another, such as a supplier, customer or public utility.) | |
| III. | "LIABILITY RISK" The risk of becoming legally obligated to pay monetary damages to others for personal injuries, including death; or for loss of, injury to or destruction of property or property rights; Imposed by statute or act, common law, admiralty law, municipal law or other ordinance, regulation or ruling; Assumed under contract or agreement. NOTE: (Statutory liability is ordinarily imposed upon the one designated by the statute or act, but others may be designated as secondarily liable. At common law, liability is ordinarily imposed upon the wrong-doer but ultimate liability may rest with another under a contract or agreement of indemnification.) | |

(More on Page 31)



An experiment . . . in chemistry and in education too. Peter Owzarski (left) was encouraged by his high school teachers to take college courses in chemistry after they found his interest in this field had prepared him for advanced work. Now he attends his high school in the morning, college in the afternoon. Peter is enrolled in chemistry courses on the Wausau campus of University of Wisconsin's Extension Division. Dr. Samuel Weiner (center) guides this brilliant young man in his advanced courses.



The Science Fair at Wausau Senior High School was an impressive part of my visit. On their own time, some 900 or more boys and girls had prepared 700 scientific exhibits. The projects covered everything from nutrition to seismographs . . . even a walking-talking mechanical man made out of stove pipes and tin cans. Beverly Geske tells me this is the school's fourth annual fair under the direction of Mr. Ben Berg.

Thomas Alva Edison's motto is used to measure a community's aims and achievements

Wausau Story

by **MAX McGRAW**, President of McGraw-Edison Company
Vice President of The Thomas Alva Edison Foundation, Inc.

"**You've heard Mr. Edison's motto: 'There's a way to do it better—find it.'** Those words have always meant a lot to me, yet I know they are not easy to follow.

"I found that out when I was a boy. I got fourteen of my friends to join me in setting up a telegraph circuit between our homes. We had to string up eight miles of wire. Then we had to learn the Morse Code.

"It was worthwhile though. When you're in pursuit of a better way, the reward is in the challenge as well as the achievement. When I was in Wausau recently, I felt the community was aware of this. I visited schools. I talked to business men and found the same spirit. Many of you know this. You've done business with Employers Mutuals of Wausau. They're known as 'good people to do business with'. Their aims and achievements prove they deserve this reputation."

Employers Mutuals thanks Mr. McGraw for visiting us in Wausau. Employers Mutuals, with offices all across the country, writes all forms of fire, group and casualty insurance (including automobile). We are one of the largest in the field of workmen's compensation. Our business is growing and we need more people to help us—especially in our sales department. If you are interested in career opportunities with Employers Mutuals' nation-wide organization, write to C. E. Smith, Sales Manager, Employers Mutuals of Wausau in Wausau, Wisconsin.

Employers Mutuals of Wausau



"Good people to do business with"

Deductibles — Smith

(From page 6)

effort to solve the grave underwriting problems raised by these difficult and misunderstood forms.

As you all know, the name "all-risk" for this insurance is a misnomer because a literal interpretation of the term would imply coverage far beyond the limits possible for even the most venturesome underwriter. However, it does describe an insurance method which differs from the usual procedure of *specifically naming each peril* by substituting an initial insuring clause to *include all perils*. Under this method these perils which are uninsurable or are not wanted by the policyholder *are later excluded*. Underwriters will, of course, endeavor to exclude all inevitable loss such as wear, tear and gradual deterioration, and certain other common causes of loss or damage, such as inherent defect or inherent vice, extremes of temperatures, delay and loss of market, latent defects in machinery and mechanical breakdown, war risks and risks of radio-active contamination, etc. Even so, the All-Risk forms provide infinitely broader insurance coverage than the Named Peril forms.

Frequently used in combination with the All-Risk form is the Deductible or Excess of Loss method of insurance. Apart from the com-

mon deductibles found in certain forms of Personal and Automobile insurance, deductibles of higher amounts, ranging from say \$500 to \$2,000,000 or \$3,000,000, are used by policyholders and underwriters for such purposes as: to eliminate nuisance claims, or to require substantial participation in the risk by the policyholder, with a commensurate reduction in premium.

Generally speaking, the American market has been reluctant to offer these forms of insurance; in fact, it has resisted the applications of independent underwriters for their approval by regulatory authorities. Consequently, for many years they have been left largely to the foreign, non-admitted market which operates in a loosely regulated area. However, it is interesting to note that where the rate regulatory laws do not inhibit freedom to initiate and innovate, many American underwriters have enthusiastically gone about developing all risk forms, as in California, where they were first generally available to merchandisers. The "subsequent disapproval" provisions of the California Rate Regulatory Act, coupled with multiple line powers put its underwriters far in the lead in offering these forms to commercial interests.

* * *

Prior to 1950, All-Risk insurance was usually associated or identified with Marine Transportation or

floater risks. Little was heard of All-Risk forms on stocks of merchandise, though for some years Inland Marine underwriters had provided such cover for Jewelers by their Jewelers Block policy. However, in 1950 a leading company introduced an All-Risk form called the Manufacturers Output policy. Shortly thereafter, a handful of aggressive companies made similar offerings, and the Inland Marine Insurance Bureau members, irked by this invasion of their field of All-Risk underwriting, expanded their Block policies to include equipment dealers, fur dealers, musical instrument dealers, camera dealers, etc. This list of eligible classes was rapidly enlarged by independent companies to include nearly all types of merchandising activity.

Out of these beginnings there has emerged a new kind of insurance, more aptly described as Commercial Multiple Line, rather than Inland Marine. It is designed to meet the requirements of virtually any merchandiser.

Coincident with these developments, a few companies have experimented with Deductibles. Two principal plans have emerged. One starts with a low deductible of \$500 and offers credit of varying amounts against standard base rates, depending on the amount of the deductible and its relationship

(More on page 28)

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MARYLAND, Baltimore,
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MEXICO, Mexico City,
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On January 28, 1959, the Cincinnati Area Insurance Managers, a chapter of the American Society of Insurance Management, Inc., is sponsoring an all-day Insurance Conference at the Netherlands-Hilton Hotel, Cincinnati, Ohio.

Conference Committees

Mrs. L. M. Clore, General Chairman.

Program Committee: Charles H. Thiele, Federated Department Stores, Inc., chairman; W. T. McWhorter, Procter and Gamble Company; Arthur L. Benjamin, Cincinnati Gas and Electric Company.

Attendance and Reservations: Lloyd R. Everhard, Trailmobile, Inc., chairman; Henry A. Newman, Andrew Jergens Company; J. W. Hancock, Armcost Steel Corporation; P. K. Dykes, The Ohio River Company; H. J. Fjord, Western and Southern Life Insurance Company.

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Officers of the Cincinnati Area Insurance Managers, ASIM, 1958-59. They are, seated, left to right, A. J. Haberer, The Procter and Gamble Company, Cincinnati, president; and H. J. Fjord, The Western and Southern Life Insurance Company, Cincinnati, vice-president. Standing, left to right, J. W. Hancock, Armcost Steel Corporation, Middletown, Ohio, assistant treasurer; R. F. Hoeweler, Acme-Newport Steel Company, Newport, Kentucky, treasurer; and Paul K. Dykes, The Ohio River Company, Cincinnati, secretary.

Publicity: M. C. Aichholz, Bavarian Brewing Co., chairman; Milton N. McComas, Cincinnati & Suburban Bell Telephone Co.; Larry W. Nash, Cincinnati Enquirer, Inc.

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Officers

The officers of Cincinnati Area Insurance Managers, ASIM, are A. J. Haberer, The Procter and Gamble Company, Cincinnati, president; H. J. Fjord, the Western and Southern Life Insurance Company, Cincinnati, vice-president; R. F. Hoeweler, Acme-Newport Steel Company, Newport, Kentucky, treasurer; J. W. Hancock, Armcost Steel Corporation, Middletown, Ohio, assistant treasurer; and Paul K. Dykes, The Ohio River Company, Cincinnati, secretary.

"Who's Who" . . .

at the Insurance Conference

EDWARD P. FOLLEY, vice-president, Johnson and Higgins, New York, N. Y., will give the principal address of the morning conference session at 9:30. His topic will be "Consequential Loss Exposures."

The address will cover an area of exposure that, although extremely important, is often times overlooked in insurance programs.

Charles H. Thiele, corporate insurance manager, Federated Department Stores, Inc., Cincinnati, and conference moderator for the early morning session, will introduce Mr. Folley.



EDWARD P. FOLLEY

Edward P. Folley, vice-president, Johnson & Higgins, New York, N. Y., and a recognized authority on fire insurance, began his career in the insurance area in 1922 with the Westchester Fire Insurance Company. He remained in fire insurance ranks until 1944 at which time he joined Johnson & Higgins as a producer.

Lecturing for the Insurance Society of the New York School of Insurance since 1947, he has gained widespread esteem and respect for his outstanding work in insurance education.

Prominent insurance executives and state insurance officials from New York, Michigan, Illinois, and Ohio will participate in a panel discussion on "Regulation of Insurance" scheduled at 10:30 during the morning session of the con-

ference. They include **Carl L. Kirk**, Vice President, American Guaranty & Liability Insurance Company; **Joseph A. Navarre**, former Commissioner of Insurance, State of Michigan; **Kiehner Johnson**, Deputy Superintendent of Insurance, State of Ohio; **Casimir Z. Greenley**, Director of Insurance, International Minerals and Chemical Corporation, Chicago, Illinois.

With congressional investigations now in process concerning the subject of state regulation, the addresses and remarks of these extremely well-informed individuals is timely and should be of interest to all segments of the insurance industry.

A. L. Benjamin, director of insurance, Cincinnati Gas and Electric Company, and conference moderator for the late morning session, will introduce the panel members.



CARL M. KIRK

Carl L. Kirk is Vice President and Secretary of American Guaranty & Liability Insurance Company and Deputy United States Manager, Zurich Insurance Company.

Mr. Kirk, who now resides in Kenilworth, Illinois, was born at Clinton, Illinois, and was educated at public schools in Clinton and Chicago, as well as the University of Illinois.

He began his career with Zurich in 1921 as Assistant Statistician, was appointed Actuary in 1928, and Assistant U. S. Manager in 1937. He was promoted to Deputy U. S. Manager in January 1950.

Mr. Kirk is a member of the Casualty Actuarial Society, Drug and Chemical Club, and Pi Kappa Phi fraternity.



JOSEPH A. NAVARRE

Climaxing a well-rounded experience in education and law, **JOSEPH A. NAVARRE**, Jackson, Michigan, was appointed Commissioner of Insurance, State of Michigan, by Governor C. Mennen Williams in 1951.

Mr. Navarre received a Liberal Arts degree from the University of Notre Dame where he instructed classes in English while taking preliminary law courses. He graduated from the University of Michigan Law School in 1930. He began the practice of law in Muskegon opening his own office, later, in Monroe. While in Monroe, he served as Prosecutor, Circuit Court Commissioner, and as Special Counsel to the City of Monroe.

At present, he serves on the Governor's "Little Cabinet"; is a member of the State Employees Retirement Board and the Industrial Safety Commission; serves as a member of the Governor's Atomic Energy Study Committee and Workmen's Compensation Rate Study Committee; is also a member of the Compulsory Automobile Insurance Interim Study Committee; and serves on the Committees on Flood Insurance, Council of State Governments, a national organization. He also is a member of the American Bar Association serving as vice-chairman of that organization's Committee on Regulation of Insurance Companies.

He is immediate past president of the National Association of Insurance Commissioners.

(More on page 26)

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Cincinnati Area Insur

Chapter o

American Society Of Insuran

Wednesday, Janua

Netherland-Hilton
Cincinnati, C

CONFERENCE THEME: 1. State vs. Federal Regulations
2. Functioning and Operation of Rating
Bureaus

Morning Session

8:45 a.m. Registration

9:15 a.m. Welcome

A. J. Haberer
Insurance Department,
The Procter and Gamble Company
and
President, Cincinnati Area Insurance Managers, ASIM

9:20 a.m. Conference Keynote

Mrs. L. M. Clore
Chairman, Insurance Conference

9:30 a.m. Consequential Loss Exposures

Edward P. Folley
Vice-President
Johnson & Higgins

Moderator—C. H. Thiele
Corporate Insurance Manager
Federated Department Stores, Inc.

10:00 a.m. Question and Answer Period

10:30 a.m. "Regulation of Insurance"

Panel Discussion
Carl L. Kirk
Vice President
American Guaranty & Liability Insurance Company

Joseph A. Navarre
Former Commissioner of Insurance
State of Michigan

Kiehner Johnson
Deputy Superintendent of Insurance
State of Ohio

Casimir Z. Greenley
Director of Insurance
International Minerals and Chemical Corporation

Moderator—A. L. Benjamin
Director of Insurance
The Cincinnati Gas and Electric Company

ce Conference

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n Insurance Managers,

Chapter of

f Insurance Management, Inc.

y, January 28, 1959

erland-Hilton Hotel

ncinnati, Ohio

11:30 a.m. Question and Answer Period

Luncheon

12:15 p.m.

Speaker: **William G. Werner, Director**
Public and Legal Services
The Procter and Gamble Company

Subject: "Public Relations Thinking in Insurance"

Afternoon Session

2:00 p.m. Recent Developments in Employee Benefits

Philip E. Benjamin
Towers, Perrin, Forster and Crosby

Moderator—R. S. Hayden
Assistant Treasurer
Armco Steel Corporation

2:30 p.m. Question and Answer Period

3:00 p.m. "Functioning and Operation of Rating Bureaus"
Panel Discussion

William Leslie, Jr.
General Manager
National Bureau of Casualty Underwriters

Paul W. Jerome
Assistant Manager
Aetna Insurance Group

Kent H. Parker
Manager
Western Actuarial Bureau

C. Henry Austin
Manager, Insurance Department
Standard Oil Company (Indiana)

Moderator—W. T. McWhorter
Manager, Insurance Department
The Procter and Gamble Company

4:00 p.m. Question and Answer Period

"Who's Who" . . .

at the Insurance Conference



KIEHNER JOHNSON

On January 15, 1957, Kiehner Johnson was appointed deputy superintendent of insurance, State of Ohio, by Arthur I. Vorys, superintendent of insurance, State of Ohio, with the consent of Governor C. William O'Neill. He previously served four and one-half years as assistant attorney general for the State of Ohio.

During World War II, he served with the United States Navy. In 1952, he graduated from Michigan Law School.

Mr. Johnson is a member of the Columbus Bar Association and the Ohio State Bar Association and is a resident of Columbus, Ohio.



CASIMIR Z. GREENLEY

CASIMIR Z. GREENLEY, director of insurance and safety, International Minerals and Chemical Corporation, Chicago, Illinois, boasts a distinguished background of experience in the fields of insurance, safety, and accident prevention.

In 1955, he joined the U. S. Gypsum Company as safety director and employment manager in Plasterco, Virginia, and in 1927 was appointed to the post of safety director over all operations of the corporation. In 1930, he became board plant superintendent in both Plasterco and at the company's Gypsum, Ohio, plant.

In 1932, he became affiliated with Montgomery Ward and Company as assistant manager and later as manager of the insurance and loss prevention department.

He assumed his present position early in 1955.

Mr. Greenley is the author of many articles and pamphlets dealing with standard safe practice, industrial accident prevention, and corporate insurance. He holds membership in the American Society of Safety Engineers, National Fire Protection Association, and the Western Society of Engineers. He is a director of the American Society of Insurance Management, Inc., a past president of its Chicago chapter; and vice-president of the insurance division of the American Management Association.

United States Trademark Association.

A native of Cincinnati, Mr. Werner joined the Procter and Gamble Sales Department in 1911. From 1925 to 1940, he served as manager of the advertising division, organizing and accepting the management in 1941 of the company's division of public relations. He was appointed to his present office in 1954 which involves not only the coordination of the activities of both the public relations and legal services departments, but also the review by the departments of the company's extensive advertising program.

Philip E. Benjamin, partner, Towers, Perrin, Forster, and Crosby, will open the afternoon session of the conference at 2 o'clock with an address on "Recent Developments in Employee Benefits." He will explore and develop, in particular, the area of group medical coverage.

R. S. Hayden, assistant treasurer, Armcoc Steel Corporation, Middletown, Ohio, and conference moderator for the early afternoon session, will introduce Mr. Benjamin.



WILLIAM G. WERNER

In addition to his work as director of public and legal services, the Procter and Gamble Company, Cincinnati, WILLIAM G. WERNER follows a full program of activities in numerous business, civic, welfare, and cultural organizations in Cincinnati and throughout the nation. These include service on the boards of the National Better Business Bureau, the Advertising Council, and on the Advisory Committee of the National Cotton Council. He is also active on the Public Relations and Cleanliness Promotion Committees of the Association of American Soap and Glycerine Producers. He is a past president of the Public Relations Society of America and of the



PHILIP E. BENJAMIN

Drawing on 35 years' experience in group insurance which comprise six years with the Boston and Philadelphia offices of Sun Life Assurance Company of Canada, eight years in Boston with the John Hancock Mutual Life Insurance Company, and 21 years with Towers, Perrin, Forster, and Crosby of which he is now a partner, PHILIP E. BENJAMIN has achieved well-earned recognition in developing, installing, and servicing pension, profit-sharing, group life, and medical care plans for clients in the Ohio-Michigan area.

A native of New England, Mr. Benjamin holds a law degree from Northeastern University in Boston. He was admitted to the Massachusetts Bar in 1929.

(More on page 27)

Leading executives representing a cross section of important Chicago and New York insurance circles have been selected as members of the afternoon panel discussion group, a feature of the conference to begin at 3 o'clock. They include **William Leslie, Jr.**, general manager, National Bureau of Casualty Underwriters; **Paul W. Jerome**, assistant manager, Marine department, Aetna Insurance Company, **K. H. Parker**, manager, Western Actuarial Bureau; and **C. Henry Austin**, manager, insurance department, Standard Oil Company of Indiana.

The discussion topic, "Functioning and Operation of Rating Bureaus," should be of interest not only to buyers of insurance, but to agents and producers as well. It is felt that the speakers are eminently qualified to bring to those attending the conference important and useful information on a subject of vital concern to the industry.

W. T. McWhorter, manager, insurance department, the Procter and Gamble Company, Cincinnati, and conference moderator for the late afternoon session, will present the panel members.



PAUL W. JEROME

PAUL W. JEROME, assistant manager, Marine Department, Aetna Insurance Company, Park Ridge, Illinois, began his insurance career with a prominent general agency in California following a period of schooling in Pasadena.

Twenty-two years ago, he became associated with the Aetna Insurance Company serving first in the automobile department. Later, he was transferred to Texas with an appointment in special agency field work. After the Texas assignment, he spent some time in North Carolina and Virginia. He was subsequently sent to Cincinnati in 1946 where he opened the present office specializing in Marine production.

In 1951, he was brought into the Western Department headquarters of the Aetna Insurance Company in Park Ridge.



C. HENRY AUSTIN

C. HENRY AUSTIN, manager, insurance department, Standard Oil Company (Indiana), was appointed to that position in 1950 following the organization of the department and a period of service with the company as an attorney in its Law Department during which he represented the company in many fields in the general practice of law. Before becoming associated with the Standard Oil Company, he was engaged in general trial and corporation work with a Chicago law firm.

Mr. Austin is National Director of Education, American Society of Insurance Management, Inc.; a member of the Planning Council and seminar leader, insurance division, American Management Association; a member of the Casualty Insurance Law Committee, Section on Insurance Law, American Bar Association; a member of the Illinois and Chicago Bar Associations and of the Midwest Pension Conference.



WILLIAM LESLIE, JR.

Following his graduation from Princeton University in 1940 with an A.B. degree in economics, **WILLIAM LESLIE, JR.**, general manager, National Bureau of Casualty Underwriters, entered the insurance field in the rating division of the Fidelity and Casualty Company of New York, member company of the America Fore Insurance Group. In 1941, he joined the National Bureau of Casualty Underwriters in the actuarial department. In 1947, he became associated with the Royal-Globe Insurance Group and in 1948 was appointed superintendent of the special risks department. In 1950, he joined the National Council on Compensation Insurance as assistant manager and succeeded to the general management in 1955. He resigned this position in March, 1957, to rejoin the America Fore Insurance Group as actuary of all companies. He was appointed secretary and actuary of all companies of the America Fore Group in January, 1958. On May 14, 1958, he was elected to his present position.

Mr. Leslie served as a naval aviator during World War II and at present is a member of the Aviation Commandery of the Naval Order of the United States. In 1950, he received his fellowship in the Casualty Actuary Society.



KENT H. PARKER

With a B.S. degree in Fire Protection Engineering from the Illinois Institute of Technology in 1928, **KENT H. PARKER**, manager, Western Actuarial Bureau, Chicago, Illinois, embarked on a career in this highly specialized field as an engineer with the General Inspection Bureau, Minneapolis, that same year. In 1929, he served as an engineer with the Kentucky Inspection Bureau, Louisville. In 1931, he joined the Western Actuarial Bureau becoming assistant manager in 1941 with an appointment to his present position in 1953.

He is a member of the National Fire Protection Association; the Advisory Engineering Council of the National Board of Fire Underwriters; the Fire Council — Underwriters Laboratories, Inc.; the Society of Fire Protection Engineers; and on the Advisory Committee, International Regional Insurance Conference.

Cleveland Area Insurance Managers to Affiliate With ASIM

Several preliminary meetings have been held in the Cleveland, Ohio, area, indicating high interest in the formation of a chapter of the American Society of Insurance Management, Inc.

A meeting is scheduled early in January for the purpose of adopting By-laws and electing officers of a local chapter of ASIM.

Miss Julia Sullivan, Insurance Manager for The General Tire and Rubber Company, and Mr. Paul Macdonald of the Carling Brewing Company have been primarily responsible for stimulating the interest in the formation of an ASIM chapter in this area. (A complete list of members, officers, etc. will be published in the March 1959 issue of The National Insurance Buyer.)

For what it's worth...

Measurement of Casualty Losses

from the CLIENTS' SERVICE BULLETIN
of The American Appraisal Company

In the event of fire, hurricane, flood or other casualty not compensated for by insurance or otherwise, the income tax laws and regulations permit the taxpayer to deduct a loss in computing taxable income. The measure of damage is the difference between the fair market value of the property immediately before and immediately after the casualty, but the allowable deduction is further restricted by the adjusted basis of the property (usually cost less depreciation allowed or allowable).

In the case of partial losses to depreciable business properties, the commissioner has followed the practice of allowing a pro rata deduction of the adjusted basis. For example:

| | |
|--|-----------------|
| Fair market value of property before loss occurred | \$100,000 |
| Fair market value after the loss | 70,000 |
| Damage suffered \$ 30,000 = 30% | |
| Adjusted basis of property | \$ 40,000 |
| Loss allowed (30% of \$40,000) | \$ 12,000 |

The U.S. Court of Appeals, Fifth Circuit, in a recent decision rejected this formula and held that the loss in value may be deducted in full so long as it does not exceed the adjusted basis. If the decision is sustained, it may in many instances result in substantially larger deductions for casualty losses than heretofore.

The determination of fair market value before and after the loss is basically an appraisal problem.

American Appraisal Service furnishes up-to-date, authoritative information about the existence, cost or current value of assets...and the adequacy of depreciation provisions. Values are established only after careful consideration of all factual data. An American Appraisal report represents more than half a century of experience in the field of valuation for purposes of insurance, accounting, taxes, property control and corporate financing.

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| Chicago | | | Washington |

Affiliated: Canadian Appraisal Company, Ltd.
Montreal and Toronto

Deductibles — Smith

(From page 20)

to the whole amount of insurance. All standard policy conditions, including coinsurance, are required. The other plan starts with a minimum uninsured first loss of \$100,000 and is perhaps more accurately called Excess of Loss insurance. As suggested by the high uninsured retention, its appeal is limited to concerns with large financial resources willing and able to absorb a substantial first loss. This approach offers somewhat more flexibility with which to accommodate the complex problems of premium determination and policy conditions for a very large risk.

For the most part, these developments came about outside of the jurisdiction of the strongly entrenched rating bureaus and many companies stoutly resisted them as unsound and harmful to the business of insurance. However, their objections did not ring true to those who believe that the American market should do its utmost to find a way to satisfy the reasonable requirements of customers. On the contrary, it seemed more likely that the opposition really had its roots in a fear of the competition which might follow a loss of control by their rating bureaus over new policy forms and rating principles. This attitude is perhaps best expressed by one prominent exponent of the bureaus who said in a report to a national industry trade association in 1950:

"I would be remiss if I did not impress upon you that to my mind this is the day and time to strike back unrelentingly at every manifestation of whatever nature that would disturb the orderly process of insurance. So long as we realize our trusteeship in this business, we will always be alert to maintain its integrity and to keep all subversive wolves away from our pastures."

* * *

Industry opposition to the Manufacturers Output policy culminated in a request to the New York Insurance Department to withdraw its approval of the form. This was denied. Superintendent Dineen, in

commenting on the matter, said in part, "We must make equally sure that departmental and legislative roadblock are not replaced by roadblocks erected by companies which are unable or are unwilling to write All-Risk coverage themselves and do not wish to see their competitors write it."

Once the New York Department took his firm stand, the die was cast. However, the evolution of the All-Risk policies has been delayed by disputes over bureau jurisdiction, as well as the continued resistance by prominent company interests, and a cautious attitude toward their approval by insurance regulatory officials. It is only now, after some seven or eight years of discussion, investigation, hearings and court battles, that independent companies appear to have won the right to develop these forms of insurance on their own and to work out ways of writing them at a profit. You will note the use of the phrase "appear to have won the right." This was done advisedly since it is not certain that the proponents of the status quo have exhausted their full bag of legal tricks.

While this struggle over All-Risk forms was going on, no less of a storm was being raised by the introduction of a Deductible plan and an Excess of Loss plan in the physical damage field by two independent companies. In an effort to block regulatory approval of these plans in the several states, a leading trade association sent every Insurance Commissioner in the United States a five-page commentary on the use of deductibles in Fire insurance covers. This commentary argued that there was only a limited demand for large deductibles and that their use should be confined to "the minimizing of petty claims under insurances included within the allied lines." Otherwise, it was claimed, "tested practices would be weakened if not destroyed." It was charged that the use of deductibles would tend to increase the expense ratio (and, by implication, also the loss ratio) in full cover rates. In June 1950 the Secretary-Manager of another large trade association,

(More on page 29)

Deductibles — Smith

(From page 28)

seeking the support of agents, was quoted in the Journal of Commerce of New York as follows:

"While the Deductible plan might start with large deductibles, it is bound to come down the line and hit your small risks. When that time comes and all risks are written under some form of deductible, the credibility of your statistics will be destroyed. There will be no basis for rates but there will be chaos."

The opposition continued along these lines; but the dire predictions did not come to pass. Nevertheless, some five years later a prominent officer of one of the large insurance companies testified at an Insurance Department Conference in Kentucky that large deductibles would bring about unbridled price competition; that such schemes appear to take on the character of rate-cutting devices; that they are designed to obtain a temporary competitive advantage for their proponents; that the ultimate effect of the use of large deductibles would be the destruction of orderly rating procedures and disturbances of rate levels; and that this could easily lead to chaos.

* * *

These charges are just so much rubbish; for, even with their suggestive influence, we have neither calamity nor chaos. However, it

must be admitted that, while there has been very great interest in Excess of Loss coverage, relatively few contracts have been written in the American market. This is chiefly due to the inability of a handful of American underwriters to win this market away from knowledgeable, non-admitted insurers operating outside the area of state regulation of rates and forms. An objective view must also take into consideration the unprofitable era in American property insurance, which has made American companies hesitant to experiment in untried fields, and the fact that there is only a limited number of concerns prepared to carry a first loss large enough to qualify for Catastrophe coverage.

Turning once more to All-Risk Physical Damage insurance, we should neither overlook mention of the unfavorable underwriting experience it has produced so far, nor the satisfaction its opponents may gain from this circumstance. It appears now, however, that it is showing improvement. This is probably due to more enlightened underwriting, and may be properly regarded as the result of lessons learned the hard way, since the earlier policies proved to underwriters that they were too liberal in coverage and inadequately rated.

* * *

Our current difficulties with the All-Risk form might lead one to think of it as a new approach to insurance, but that is far from the

case. Going back to the very origins of insurance, we will note that its concept was protection against "all risks." The trading loans of the Babylonians and the Phoenicians, which were the forerunners of the Bottomry loans, had the effect of covering loss to goods in transit by the perils of the transit, including robbery and brigandage and piracy. They were true "all risks" covers.

It was in the early Middle Ages that a third party (an insurer) intervened for a price and assumed these risks between buyer and seller. "All Risk" insurance has since been generally available to merchants and owners of property in transit whether by land or sea or air. As you well know, the Ocean Marine policy is a classic example. On the other hand, insurance at fixed locations on structures and other property (even though movable) has stemmed from pure fire insurance; and while the coverage has been greatly expanded, the method has been to specifically name the additional perils to be assumed by the underwriters. Insofar as I have been able to discover, one of the first applications of "all risks" insurance to fixed property was in the insuring of bridges and tunnels; but it must be recognized that these structures are distinguished from others, since they are carefully designed to fit into their particular environment. It is a vastly different insurance problem to supply All-Risk insurance for the run-

(More on page 30)



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Oldest and Largest
of the
Factory Mutual
Companies*

MANUFACTURERS MUTUAL FIRE INSURANCE COMPANY

PROVIDENCE, RHODE ISLAND

LEADERS IN BROAD COVERAGE AT LOW COST SINCE 1835

Deductibles — Smith

(From Page 29)

of-the-mill buildings, not so specifically designed, and likewise for their contents.

Failure to perceive and to provide for the enlarged loss potential of All-Risk underwriting will inevitably bring disaster to the uninformed underwriter. Unlike Named Peril contracts, wherein the underwriter is alerted to the perils covered by having them named for him, the All Risk form may include hidden or unforeseen risks. A few illustrations from our files will give you an idea of the odd things which can and do happen:

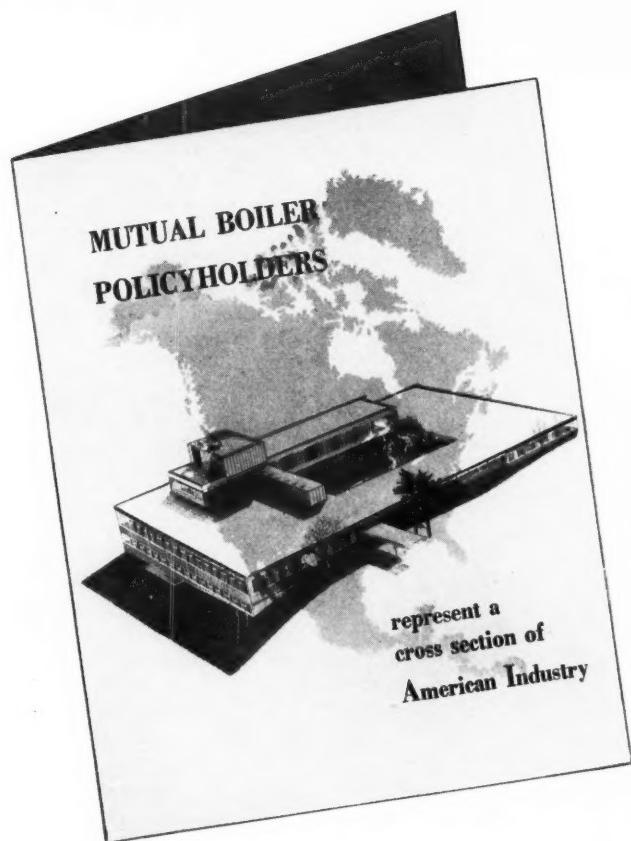
First, there is the case of the confused wheat beetles. A manufacturer of cans used as containers for syrup, stored up empty cans in a warehouse in which wheat had been stored previously. Confused wheat beetles entered the cans. Incidentally, that is the correct name for them and is not a reference to their state of mind. The warehouse was fumigated, killing them in the cans. The dead beetles could not be removed except by shaking each can by the hand and the cost to do this was greater than the cost of manufacturing new cans. Several hundred thousand (cans, that is) were thus rendered a total loss.

* * *

Turning from insects to animals, we have the case of some muskrats who caused the collapse of a dam. The dam, which retained water for a municipal water system, was constructed with drains running through the sub-soil to carry off water which might percolate underneath the dam. Muskrats built nests in these drains, thus clogging them. As a consequence percolating water under the dam created cavities, causing the dam to collapse.

A less dramatic claim is the case of the lost water. A manufacturer purchased large quantities of city water through a metered main. For a substantial period of time there was a large leak in the main on the manufacturer's side of the meter, resulting in the loss of enormous quantities of water. An All-Risk

(More on Page 32)



Join the Leaders —

We are proud of the fact that so many well-known and successful companies in the United States and Canada have selected Mutual Boiler to protect the equipment in their buildings and power plants from the expense and dangers of breakdowns and explosions; and we're even more proud that these same companies *continue* to renew their boiler and machinery insurance with us year after year.

We suggest that you send for a partial list of our policyholders. They represent a cross section of American industry — those who *want* the best and *get* it. Write:

Mutual Boiler and Machinery Insurance Company

225 Wyman Street • Waltham 54, Massachusetts

The Oldest Mutual Casualty Insurance Company in America

Risk Discovery — Criddle

(From page 18)

Elements in the Discovery and Analysis of Insurable Risk

(APPENDIX B)

RISK POSSIBILITY (Hypothesis)

(FACTUAL TESTING) (Proof)

Proven False* Proven True

MAXIMUM POSSIBLE LOSS (Dollars)

Insignificant* Significant

NATURE OF RISK

Perils Hazards

RISK ELIMINATION

Accomplished* Not Accomplished

RISK REDUCTION

Accomplished Not Accomplished

*No further action required.

RESIDUAL RISK

Perils or Hazards
verging on
impossibility

Possible Perils
and Hazards

CLASSIFICATION

Non-catastrophic Catastrophic

CHOICE OF ACTION INDICATED ACTION

Assume Risk

Transfer Risk
(Insure)

Transfer Risk
(Insure)

(More on page 35)

D. H. Mackaman Elected President of Dallas-Ft. Worth Area Chapter, ASIM

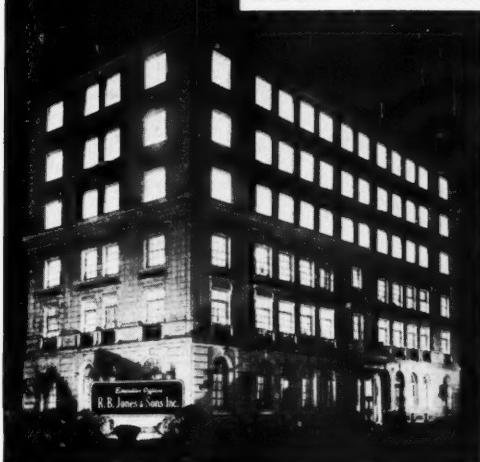
D. H. Mackaman, Insurance Manager of Campbell, Taggart Associated Bakeries, Inc., was elected president of Dallas-Ft. Worth Area Chapter, ASIM at a meeting held on November 20, 1958.

Serving with Mr. Mackaman are: Raymond C. Harrison, American Petrofino, Incorporated, vice president; Murray Saunders, Gifford-Hill & Co., Inc., treasurer; and Miss Annetta M. Johnson, The Murray Company of Texas, Inc., who continues as secretary.

Directors elected at the meeting on November 20, 1958, are: T. T. Redington, Jr., Dresser Industries; Jack Hertz, Southern Union Gas Company; V. T. Butcher, Sun Oil Company; Guy Branham, Coca Cola Bottling Company; Charles Swanner, Magnolia Petroleum Company; C. E. Watson, Dallas Power & Light Company; and Quincy Lutterloh, Olmsted-Kirk Company.

T. T. Redington, Jr., is the immediate past president of the Dallas-Ft. Worth Area Chapter and a Director of the American Society of Insurance Management, Inc.

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Deductibles — Smith

(From Page 30)

policy paid a huge water bill charged by the city.

There is literally no end to such illustrations; but the foregoing should serve to show what strange things may happen when you grant All-Risk insurance. Such accidents come along with a great deal more frequency than is commonly realized; and when they are included in the policy coverage, they add very greatly to the pure loss developed by a book of business. Thus, it is necessary to provide for them in the rate charged. As a practical matter, some influential policyholders underestimate the value of this form of insurance and buy so closely that their business tends to go to inexperienced underwriters who charge inadequate rates for the added perils. The end result is frequently the loss of a market for the policyholder.

There is also the danger of automatically including in All-Risk insurance perils with loss potentials so great as to be actually uninsurable. For this reason it is necessary to analyze All-Risk proposals with great care. Special inspections and surveys, are needed to unearth hazards or perils which are uninsurable because of location, the nature of the operations being carried on, unusual construction features, or other conditions which may be unique to the individual risks. The flood exposure to manufacturing risks located on the Mississippi River Bottoms is a classic example of a peril which is historically uninsurable because of location.

* * *

As the All-Risk concept is expanded to different kinds of property and classes of risk, it will place an increasingly higher strain on the abilities of underwriters. The process of accepting or rejecting such risks will be obviously more difficult and require much greater experience and judgment than that employed in routine underwriting. Equally important will be the problem of making this form of insurance attractive to underwriters by naming and securing a rate com-

mensurate with its true loss potential. Until more experience is developed, the task of establishing rates which are neither too high nor too low is one which will test the acumen of the best of today's underwriters.

Now what does all this mean, and how does it affect you? If we were to heed the advice of the advocates of business traditionalism, we would resurrect old-fashioned principles and do away with these experiments in underwriting. As a prominent insurance man put it in an unusually forthright and forceful address—"We must return to fundamentals—learn to creep before we walk—walk before we run—and leave the flying to the birds." He went on to say that he considered "All-Risk packages, as we know them, to be the cancer of our business which has dislocated, disrupted and thoroughly confused our entire business." His solution was to withdraw the All-Risk forms except for certain specialized coverages.

There can be no doubt that there is a substantial number of hard-pressed underwriters who would solemnly and sincerely say "Amen" to this proposal.

But that is not the answer. In the first place, we have fortunately advanced too far in this field to retrace our steps. It would be like trying to put Humpty Dumpty back together again. In the second place, we cannot afford to throw away the valuable experience we have already gained in venturing in this field; and you, as buyers of insurance, may justly demand the kind of insurance facilities which modern business wants.

Moreover, underwriters must learn to accommodate their business practices to rapid change, if they expect to keep pace with the dynamic business economy of our modern age. According to Nation's Business — "In the past five years we have spent as much money on industrial research as was spent in the previous twenty-five. To date little of this tremendous investment has borne fruit because of the time lag inherent in research proffered in their attempts to do a

(More on page 36)

50% INCREASE IN FIRE COVERAGE NINE MONTHS BEFORE FIRE SAVES MANUFACTURER FROM DISASTER!

Recently a large Eastern automotive accessory manufacturer had a partial loss of several hundred thousand dollars. Nine months before the fire, MARSHALL AND STEVENS submitted a detailed equipment appraisal. As a result of this survey, fire insurance coverage was doubled.

Following the fire, the appraisal became the basis for settlement, and the manufacturer received a check covering the full loss within two weeks.

Without the appraisal the insured would have been a 50% CO-Insured, and would have gone out of business.

The foregoing is but one of the many applications of appraisals. Costly time in negotiating is saved by anticipating the need for, and ordering a qualified appraisal before problems arise.

The informative booklet "Purposes of Appraisals" is yours for the asking. Call or write MARSHALL AND STEVENS, Dept. CHD, 420 Lexington Ave., New York 14, N. Y., LExington 2-2130.

MARSHALL AND STEVENS is an international appraisal company offering local personalized appraisal service. Offices in Chicago, Cincinnati, Dallas, Denver, Detroit, Honolulu, T. H., Houston, Los Angeles, Minneapolis, New York, Philadelphia, Phoenix, Richmond, St. Louis, San Francisco, Vancouver, B. C.

Compensation — Gallagher

(From page 10)

into the law of almost every state a comparative negligence principle by force of legal opinion or by statute. Juries give judgments many times inconsistent with the facts or exaggerated in amount. Almost all accidents are bulwarked with adequate and high limits of liability insurance, in many cases by several insurance carriers, or if self-insured, by adequate financial worth. A lawyer knows that he can obtain some money settlement on practically every injury claim he presents.

A one year study by an insuror indicates that, using a 35 per cent contingent fee as average, almost $\frac{1}{4}$ of all the money which was paid during the year in personal injury payments ultimately went to plaintiffs lawyers as fees, mostly to the so-called damage specialists. This was true even though in a substantial majority of all claims, the insurance company and the injured person settled without the injured person retaining a lawyer.

I have already stated that in 1957 insurance companies paid out a total of \$1,658,320,000 for personal injuries and death claims alone. From all of the information I have gathered, I believe railroads and all other self-insurors paid approximately 1/3 of this sum in addition. On this basis the total sum paid for all personal injury and death claims amounted to \$2,211,093,333. If we

consider that plaintiffs' lawyers took as fees, $\frac{1}{4}$ of this sum, the plaintiff lawyers of this country carved the goose for \$552,773,333 — yes, I repeat — \$552,773,333 in contingent fees — in 1957. Probably a group not exceeding 3,500 lawyers or firm, each having incomes from contingent fees ranging from \$75,000 to \$1,000,000 a year received the greater part of this veritable pot of gold.

I have been able to accumulate some fragmentary figures from a few sources concerning part of the settlements obtained by some damage specialists. These figures may represent a small or large part of the damage business which these men do and does not represent any other law business which I am sure all these lawyers handled. In a mid-western city one law firm received \$14,729,389 from one group of defendants in a period of 5 years and 3 months ending December, 1957. At a 30 per cent contingent fee this firm would have received \$4,418,816, or an income of \$70,140 each month from this part of their contingent fee business alone. A portion of their settlements in 1957 computed on the same basis, would have netted this firm \$846,276.90 as a part of their total fees for the year. A check made in April of 1958 discloses that this firm had 403 damage law suits pending against railroad companies alone with demands running into the millions of dollars.

I know of \$5,970,258 which a west coast firm received during the same

period as a part of its law business. On the same fee basis as above, the partial income from this part of its business would have been \$1,791,077. The of 1957 would have netted this firm \$443,342, or \$36,945 each month.

It is clear this firm's damage fees are increasing every year, and as of April, 1958, it had 196 damage suits pending against railroads alone.

A Baltimore lawyer was paid \$4,341,280 by several companies during the same period. At the same fee as above, this business would have brought him \$1,302,384 or \$20,673 every month.

Another law firm in a midwestern city made settlements with railroads amounting to \$7,434,263 in a three year and three month period. On the same basis as above, this firm would have made \$2,230,278 during this period or \$57,445 each month. As an example of individual fees, one single personal injury claim settled this year, netted the plaintiff lawyer a contingent fee of \$150,000! These fees are only a part, perhaps small, perhaps large — of the above lawyers' incomes, and they constitute a few of a hundred examples I can give of known fees to damage specialist firms which run into astronomical figures. None of these figures include contingent fees from the Property Damage claim business which amounted to millions more.

After all is said and done, it is the public — the insurance policy-

(More on page 34)

Corporations are usually sure their accounting is in order but have C.P.A.'s check it.

Corporations are usually sure their insurance is in order but they should have it checked. The same logic applies to both.

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Compensation — Gallagher

(From Page 33)

holder — the daily bus rider — the hard working business man — who ultimately pays these fees.

How is this damage business divided? In one Midwestern city, six lawyers or firms out of a total of 3,500 lawyers control 1800 personal injury law suits. This is 65 per cent of such cases filed in the courts and awaiting trial. On one average day, these six firms had 52 suits on the trial and active list, and 31 suits on the engaged counsel list, which meant that these cases were ready for trial but the lawyers were too busy to try them. Yet when interviewed, the head of one of the six firms stated, "We need better judges. The quality of the present bench leaves something to be desired." This firm had 400 pending law suits in June of 1958.

One lawyer in this city had 450 law suits pending in June of 1958 and only a small per cent were against railroads. The same lawyer received approximately \$9,000,000 from judgments and settlements against railroads in a five year period. His usual fee is 33-1/3 per cent which would total approximately \$3,000,000 in fees from this source of business alone. According to the Cleveland Press which made this survey, it would take 15 judges at least 70 trial weeks to clear the dockets of the 1,800 law suits which these six firms have pending, and during every one of these 70 weeks these same firms would be dropping new law suits into the hopper. None of this, of course, gives any idea of the thousands of other claims which these firms obtain and which are settled without litigation.

Naturally, I am in favor of fair compensation for all competent attorneys, based on the time expended and their services to their clients. However, the equities do not add up, and constantly increasing thousands of injured persons and their relatives and friends resent and mistrust all lawyers as a result of overcharging by a relatively few.

(More on Page 37)

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Risk Discovery — Criddle

(From page 31)

DEFINITIONS FOR THIS PURPOSE:

- Hypothesis: A tentative proposition, theory or supposition adopted to guide in the investigation of facts.
- Risk: The exposure to perils or hazards capable of producing financial loss.
- Significant: Important or of consequence to the person or corporation under consideration; hence, as used here, a relative term according to total net worth or income.
- Peril: The occurrence or event causing loss (i.e., a fire, windstorm, explosion, accident, etc.).
- Hazard: A condition affecting the likelihood, or probability of occurrence of a peril (i.e., defective wiring, location in windstorm area, handling of explosive materials, dangerous operations, etc.).

(APPENDIX C)

JOHN DOE MANUFACTURING COMPANY FINANCIAL STATEMENT AS OF

*Initial Risk Analysis Reference

| | ASSETS | |
|---|----------------------------|--|
| CURRENT ASSETS | | |
| Cash in banks | \$ 3,300,000 | I (c) (f) |
| Cash in offices | 25,000 | I (a) (b) (c) (d) |
| Securities | 3,000,000 | I (a) (b) (c) (d) (e); II (d) |
| Accounts Receivable | 4,700,000 | I (a) (b) (c) (d) (f); II (d) |
| Inventory (stock and supplies) | 8,618,000 | I (a) (b) (c) (d) (e) (f); II (a) (b) (c) (e) (f); III (a) (b) |
| Notes Receivable | 225,000 | I (a) (b) (c) (d) (e) (f); II (d) |
| Insurance, taxes and other expenses paid in advance | <u>324,000</u> | II (f) |
| | | <u>\$20,192,000</u> |
| INVESTMENT AND ADVANCES TO SUBSIDIARY OR AFFILIATES COS. | | |
| Investments | \$ 530,000 | (Comment A) |
| Advances | <u>250,000</u> | (Comment A) |
| | | <u>\$ 780,000</u> |
| FIXED ASSETS (Capitalized) | | |
| Plant at Cost | | |
| Land | \$ 619,000 | I (c) (e); II (d); III (a) (b) |
| Buildings | 9,444,000 | I (a) (b) (c) (e); II (a) (b) (e) (f); III (a) (b) |
| Construction in progress | 550,000 | I (a) (b) (c) (d) (e) (f); II (a) (b) (c) (f) (g); III (a) (b) |
| Machinery and equipment | 5,925,000 | I (a) (b) (c) (d) (e) (f); II (a) (c) (f) (g); III (a) (b) |
| Tools, dies, jigs and fixtures | 100,000 | I (a) (b) (c) (d) (e) (f); II (a) (c) (f) (g); III (a) (b) |
| Aircraft | 280,000 | I (a) (b) (c) (d) (e); II (a) (c) (e) (f); III (a) (b) |
| Automobiles | 205,000 | I (a) (b) (c) (d) (e); II (a) (c) (e) (f); III (a) (b) |
| Less accumulated reserve for: Depreciation.. | <u>-3,652,000</u> | (Comment G) |
| Net value of plant and equipment | <u>\$13,471,000</u> | |
| OTHER ASSETS | <u>157,000</u> | (Comment C) |
| TOTAL ASSETS | <u><u>\$34,600,000</u></u> | |
| *See Appendix A. | | |
| CURRENT LIABILITIES | | LIABILITIES |
| Accounts Payable | \$ 1,708,000 | |
| Accrued wages and salaries | 1,151,000 | |
| Income taxes | 2,482,000 | |
| Other taxes | 396,000 | |
| Notes Payable within one year | <u>1,000,000</u> | \$ 6,737,000 |
| DEFERRED LIABILITIES | | |
| Notes Payable due more than one year hence (1) | | 3,000,000 |
| STOCKHOLDERS INVESTMENT | | |
| Common stock | \$13,053,000 | |
| Surplus earnings retained for use in Business | <u>11,810,000</u> | 24,863,000 |
| TOTAL LIABILITIES | | <u>\$34,600,000</u> |
| TRANSFER AGENTS | | |
| Bank and Trust Company | | III (a) |
| Anywhere, U. S. A. | | (Comment D) |

(More on page 39)

Deductibles — Smith

(From page 32)

ects; but we can expect a large scale impact by the beginning of the next decade". The article also notes that — "Currently accepted methods of operation will be inadequate to cope with the coming industrial revolution that will be triggered by new products and new processes now under development."

* * *

Continuing further, Nation's Business predicts that "products not now available are expected to add an estimated fifty billion to sales and accounts for 13% of all manufacturing by 1960. The volume of new products and processes from industrial laboratories will increase each year during the next decade. It will be an age of innovation unequaled in history". This is the prospect of an exciting, fast-moving future wherein the conventional insurance products and practices of traditional competitors must inevitably give way to a more advanced design tailored to the economy.

There is no need for any underwriter to venture against his better judgment; but he must not be allowed to keep other underwriters from venturing. The path must be left open for progress through invention and innovation. In this way the rewards will go to those who are able to surmount the problems of tomorrow's underwriting requirements.

To meet your needs as insurance buyers in this challenging future, we as underwriters must have freedom under our rate regulatory laws to venture; for that is the only testing laboratory available to insurance. If you shut off this privilege by unyielding and unenlightened regulation, or if you legislate regulation responsive to the advocates of the status quo, you will retard advance in insurance practices to the pace of the slowest tortoise in the race.

You can be of vital assistance in making it possible for the progressive underwriters to continue unbetter insurance job. Specifically, you should be sure to make your needs known, and you should de-

mand that underwriters be given the freedom necessary to satisfy your requirements. If insurance regulation is to be truly responsive to your needs, then you, as an important part of the public, must be articulate.

Your voice can be most effective in convincing legislatures and public officials that those who prefer the status quo should not be allowed to enforce their own inaction

on others, and that American Underwriters must be given the same freedom as their foreign competitors who operate as non-admitted insurers in an area free from rate and form regulation.

There are times when silence is golden, but not when it comes to advocating the principles of common sense, free enterprise and independence from paralyzing restraints.



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Compensation — Gallagher

(From page 34)

The injured person has no set of values to follow when a contingent contract fee is entered into, and has no legal recourse if it is unjust. It is possible that under such a contract, a few days of services rendered can net a lawyer \$10,000 to \$15,000, while his client who may suffer the rest of his life, receives no more himself.

The best evidence as to whether overpayment is resulting from contingent fees lies in knowledge shared by plaintiff and defense lawyers here today. The defense attorney, generally, receives fees based on the prevailing Bar Association rates. In almost every damage case, as all of you well know, the plaintiff lawyer receives a fee larger than that of the defense counsel, and in countless instances it is several times as large. Inquiry into almost every community in this country will disclose that defense lawyers are turning to the plaintiff's side of the law business, because the reward is so much greater than

that income elicited from the local Bar Association schedule of fees.

A new open sesame greater than any jackpot ever conceived in the gambling halls of Las Vegas has been opened to exploitation by those lawyers who are greedy, unethical and who specialize in the direct or indirect solicitation of damage cases or in the referral by others of claims which have been solicited.

The tragedy to the Bar is that these men constantly take away from the general practitioner, business which he would obtain in the ordinary course of his legal practice from personal clients, or the friends and relatives of clients who ordinarily would have him represent them. The family practitioner has the client's interest at heart, there is no overcharging, and the client is well served.

Now, many times the injured do not have a free choice in hiring their own lawyer, or in deciding whether they need a lawyer at all, because of the exaggerated and high pressure sales talk, the dangling of immediate moneys to be advanced to them, and the talk of a

veritable pot of gold at the end of the rainbow, by the chasers or solicitors of specialists and, in many cases, by the specialists themselves.

Usually the injured person is signed up before he even has a chance to find out what the defendant representatives will pay in settlement of his claim. As an example, I know of an injured person who was taken to a hospital with very serious injuries and within two or three days, even though in extreme pain, she had been solicited, worried, and high pressured by eleven different soliciting lawyers or their runners. They were probably sent either by the doctors, interns, or hospital attaches or just came in off the street of their own accord. The pressure was so great that while in a semi-conscious condition during this period, she was signed up by three different sets of lawyers, and the contingent fees she obligated herself to pay amounted to 105 per cent of any recovery she might receive. After fighting over this juicy injury claim like a pack of hungry dogs over a plate of raw

(More on page 38)

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Compensation — Gallagher

(From Page 37)

meat, one firm finally came out ahead. She was immediately removed from the hospital, even though her broken neck was in traction and the move might have killed her, and was safely encased in a friendly hospital so she could be well-protected against any other soliciting vultures who might still be eager for their pound of flesh. Conduct such as this is damaging the legal profession somewhere in this country every day.

This is particularly true in many metropolitan areas today where it is almost impossible for the ethical, general practitioner to obtain clients in damage cases, and it is growing more and more true in the smaller cities of our country.

Without realizing it, the lawyers of this country have tolerated, protected, and made rich a few shrewd, unscrupulous plaintiff specialists, not only at the expense of their own incomes, but also at the expense of the whole system of existing American jurisprudence.

A legal system even partially based on duress, fraud, deceit and high fees, by which a relatively few lawyers solicit cases and become rich; a system in which the great bulk of the damage business today is controlled by a small group; a system by which a part of the courts have been made to feel that the persons who are at least partially responsible for their own injuries should still take money from the pockets of others because of those injuries; a system whereby juries often lose all sense of proportion in returning money verdicts merely because an insurance company is at the other end of the line; a system whereby some lawyers may become small loan sharks so that at high rates of interest they become the lenders of money to their clients, and therefore become involved in a selfish and personal relationship with the claims of their clients; a system in which truth may become an unimportant factor in the evidence which goes before a jury; a system by which a few specialists in this trade of personal suffering take, in many

cases, hundreds of dollars in fees for each hour they spend in the service of their client; such a system, my friends, cannot long endure, and no institution, such as this particular facet of American jurisprudence, which allows itself to be contaminated by it can long endure either.

One of the most debilitating effects on local bar associations and those men active in trying to keep the practice of law an honorable profession, arises from the present travesty carried on by many courts, particularly appellate in form. I refer to the courts refusal to disbar lawyers engaged in the illegal practice of law. In some cases they seem to congratulate them for their solicitations and their unethical conduct as was noted in an editorial of a great daily newspaper "The Chicago Daily News" some months ago.

A case in point which deserves attention is *In Re Saul E. Cohn, Attorney, Respondent*. 10 Ill. 2d 186, 139 N. E. 2d 301, which reads in part as follows:

"The practice of solicitation . . . is one of those serious problems confronting the profession. It is condemned by the canons of ethics of every bar association, and yet some lawyers persistently engage in such improper conduct, bringing the entire profession into disrepute. . . . The disreputable behavior of respondent in the case at bar cannot be attributed to mere carelessness or ignorance of ethical standards. By his own admission he knew the reprehensible nature of the practice, and yet deliberately continued it. Such misconduct deserves nothing but contempt in the eyes of judges, lawyers, and the public generally. It cannot be condoned. Since respondent is unquestionably guilty of unprofessional behavior tending to bring the courts and the profession into disrepute, we hereby severely reprimand and censure him." (The underlining is mine.)

Many Illinois attorneys feel the practice of law in that state has ceased to exist as an honorable profession.

Gentlemen, I speak to you not as a representative of any company, trade association, or the insurance industry, but as an individual at-

torney and a member of my local, state, and the American Bar Associations, who is deeply concerned with the future of our legal system and our great profession.

Whatever social or economic philosophy ultimately dominates the field of personal injury, be it a hodge-podge give-away through the courts or a total welfare system by legislative action, the insurance companies will move with the times and adjust their business practices accordingly. But, gentlemen, we in the legal profession, cannot let ourselves be moved from the moral and ethical concepts upon which the American system of jurisprudence was founded, or we may find that we have loaded the revolver for a fatal game of Russian Roulette with the future professional life of all of us, and with the best interests of our people.

From what I have said, it might seem that I should favor the easy way out of this dilemma, which is, of course, a system of payments to all injured, based on the workmen's compensation type program now existing in every state in this nation.

The advantages are obvious.

1. The person who is injured or the survivors of those killed would receive all the money awarded.

2. There would be no argument as to fault and no delays because of uncertainty.

3. An umbrella of security and ability to pay its bills would be placed over the entire injured population of the United States.

4. Costly court trials, as reported by a good authority, which now cost litigants and taxpayers in the City of Chicago an average of \$4,000 for a three-day trial and \$8,000 if the trial lasts six days, would be eliminated. The salaries of judges, court attendants and the fees for jurors, witnesses and parties to the action would all be saved for the taxpayer.

5. The congestion of the courts, to which there seems to be no answer, would be eliminated.

These are clearly advantages that we must deeply and thoughtfully weigh in any argument for universal adoption of a compensation system.

(More on page 40)

Risk Discovery — Criddle

(From page 35)

(APPENDIX C) Continued

JOHN DOE MANUFACTURING COMPANY OPERATING (PROFIT AND LOSS) STATEMENT

| | Initial Risk Analysis Reference |
|------------------------------------|-------------------------------------|
| INCOME: | |
| Net Sales | \$52,060,000 |
| Miscellaneous Income | <u>179,000</u> |
| | \$52,239,000 |
| EXPENSE: | |
| Cost of Goods Sold | |
| Materials and Supplies | \$13,000,000 |
| Freight in | 98,000 |
| Direct labor | 16,000,000 |
| Manufacturing expense | <u>3,908,000</u> |
| | \$33,006,000 |
| Selling Expense | |
| Salesmen's Salaries | \$ 4,612,000 |
| Salesmen's Expense | 551,000 |
| Freight out | 69,000 |
| Advertising | <u>500,000</u> |
| | \$ 5,732,000 |
| Administrative Expense | |
| Salaries | \$ 3,271,000 |
| Rentals | 106,000 |
| Office supplies | 68,000 |
| Miscellaneous office expense | <u>23,000</u> |
| | \$ 3,468,000 |
| Other Expense | |
| Interest | \$ 160,000 |
| Research and development | <u>134,000</u> |
| | \$ 294,000 |
| | TOTAL EXPENSE |
| | EARNINGS BEFORE TAX ON INCOME |
| | INCOME TAXES |
| | NET EARNINGS |
| | \$42,500,000 |
| | 9,739,000 |
| | —5,100,00 |
| | \$ 4,639,000 |

COMMENTS:

- A. Control or supervision of the entire insurance program of the subsidiary or affiliated company is recommended for corporate protection;
- B. "Depreciation" is indicative of the substantial spread that exists between "replacement costs" and "depreciated values" and is part of the risk to the corporation;
- C. A detailed breakdown of this item is required to estimate the risks;
- D. A corporation has an obligation to shareowners to only transfer, reissue or otherwise act upon stock on the basis of valid instruction of the shareowner. When this function is transferred, the liability for improper acts should also be transferred and contractual agreement to this effect obtained.
- E. "Freight in" and "freight out" establish a strong presumption of transit risk to the corp.

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Compensation — Gallagher

(From page 38)

I oppose this system for two reasons. In the first place, I fear this cure would be worse than the disease, particularly since the disease can be otherwised cured. In the second place, I believe that the judges and the honorable practitioners of our American Bar will correct the evils which beset the damage business.

It is obvious that the United States is in danger of slipping into a security state whereby citizens often are recompensed and secured, not because they deserve help, but because, for reasons of their own laziness, inabilities, carelessness or downright meanness, certain financial need is caused to exist in their lives. The legal profession has opposed a security state and has always been in the forefront in every battle against socialism.

Today, because of the acceptance of the theory of comparative negligence as the basis of recovery of damages by many of the courts of this nation; because of the laxity of the American Bar in policing its own ethical and moral standards; because of the selfishness of a comparatively few lawyers who specialize in the art of recovering damages, and a few insurers who refuse to pay legitimate claims, the whole structure of our existing American jurisprudence, as far as damage law is concerned, is crumbling. This may drive every person beset by injuries to an acceptance of a socialism similar to that which the legal profession has tenaciously opposed for many years.

If not stopped, we will have a collective security system in which, at first, not the government but individual citizens will be asked to carry on their shoulders the unfortunate financial burden resulting from the carelessness, stupidity, drunkenness and utter disregard for the safety of themselves and others of all those who are injured through their own fault. This is the present concept for the future of the American injured.

To say that this will not happen is to ignore the fact that one of the largest insurance companies in the

country is now selling a compensation type insurance coverage for any person injured or killed, and that 60 per cent of its policy holders are adding this coverage to their regular automobile public liability policies. This coverage was adopted for one reason only. The company has grown tired of being forced to pay everyone who is injured whether that person is legally justified in obtaining a recovery or not, when the premium is based on an out-moded conception of limited legal liability. It merely decided that since it was going to be forced to pay all kinds of claims, it might as well receive a premium for them. It may be that if this kind of insurance coverage sweeps the country, all companies will be forced by competition into writing a similar coverage.

This does not weaken my conviction that any insurance coverage or law is wrong which opens the door for those who bring on their own injuries to be paid for such injuries by other innocent citizens. I believe that the furtherance of this concept of recovery already has undermined our whole moral, ethical and social fibre so far as the courts of this country have allowed it to happen. I believe that if we continue in the path on which many of the plaintiff lawyers, courts and juries are now traveling that, compensation without regard to fault, to be paid at first by the motorist, and, finally by the state, is the ultimate result.

A country which allows the imposition of penalties on innocent citizens because of the careless or negligent conduct of others is lacking in moral fibre, and is trading its basic concept of justice for expediency and ultimately a socialist or communist state. Such a practice cannot long be enforced against a citizen who happens to be the innocent victim, unluckily associated with the act which caused the jury of the careless. In a short time, the government and you, as taxpayers, will have to take over the payment to the careless, the drunken and the negligent who are injured by accident. This is the logical end to which the philosophy of compensating the injured without regard to fault leads.

Since I have implicit faith in the high principles, the integrity and the insistence of the great majority of American judges and lawyers in purging our jurisprudence and our profession of cancerous conditions when the truth becomes known to them, I state emphatically that the present trend can be stopped. However, it can only be stopped by the individual and concerted efforts of the courts, the insurance industry, the juries and the attorneys.

The Courts Can

1. Direct verdicts where there is no liability.
2. Examine the merits of suits in pre-trial hearings and if they find the evidence to be clear, advise the plaintiff and defense of their findings, instead of just attempting to force the defendant to pay, as many courts do today.
3. Make a decision as a matter of law, instead of referring clear-cut cases of contributory negligence to the jury for decision.
4. Take disciplinary action against lawyers who file suits without any merit or sue in higher courts on matters of a nominal nature.
5. Recommend cases to the state's attorney where perjury is committed and see that the perjurers are prosecuted.
6. Set aside verdicts without hesitation where a jury has decided a case unjustly or granted an excessive award.
7. Provide protection for injured persons against excessive contingent fees, before legislatures do so.
8. Stop the travesty which is currently widespread among many courts who refuse to disbar lawyers who are guilty of engaging in the illegal practice of law, and who many times even admit their guilt.
9. Re-affirm their position of prestige and honor which is being lost more and more by turning their responsibilities and decisions over to the jury, and by refusing to discipline shyster lawyers.

Insurance Companies Must

1. Create a better understanding by the public of the nature and principles of the insurance industry, and of its importance both to individuals and of our national economy.

(More on page 41)

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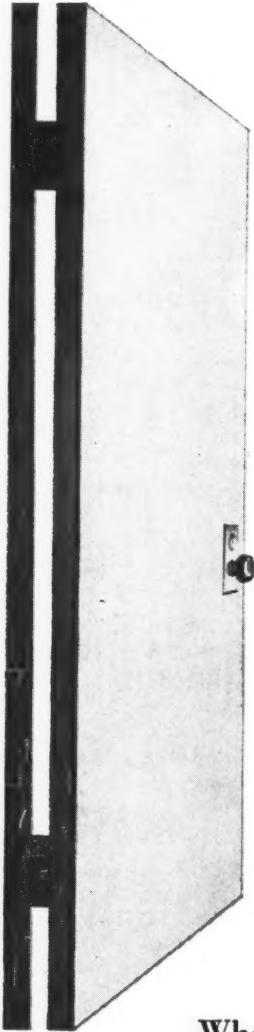
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Hartford, Connecticut

Compensation — Gallagher

(From page 40)

2. Educate the public as to the purpose of insurance as a spreading of the risk among all policyholders, and explain that liability insurance is a limited coverage and not accident insurance.
 3. Pay all legitimate claims promptly.
 4. Strive constantly to upgrade its claim supervisory staffs, so that insurance will be more adequately and intelligently represented in the field of insurance claims.
 5. Police its own claim personnel and assist bar associations, at their request, in giving evidence of the illegal practice of law by attorneys.
 6. Contribute to research in highway safety and actively participate in civic functions which promote highway safety.
 7. Help promote safer vehicle design and construction.
 8. Assist officials and civic groups who are attempting to institute compulsory driver training courses for high school students.
- Juries Should**
1. Realize that justice is based on compensating the innocent injured, and not the guilty, careless or incompetent.
 2. Understand that in a very high per cent of the awards, they are spending their own money, as it all comes from the premium dollar which they as policy holders pay.
 3. Prevent their sympathy or emotion from overcoming their duty to judge cases on the law and the facts.
 4. Not assess damages merely because the defendant carries insurance.
- The Attorneys Must**
1. Remove from practice, through the medium of their Bar Associations, and the courts, those lawyers who attempt illegally to monopolize the damage practice by solicitation of business, lending of money to clients, subsidizing of the specialists personal physicians, and by the taking of exorbitant and unjustified fees from the injured.
 2. Re-assert their position, as honest, ethical practitioners, constituting the greatest per cent of the Bar, to the right to represent their real clients in all their legal problems including those of damage claims.
 3. Refuse to present claims they feel are not well founded, are exaggerated or fraudulent. (Many lawyers have presented claims which they admit have no real merit but which they assert have a "nuisance value" — another term for a common form of light blackmail in the damage business.)
 4. Discourage and stamp out profiteering in fees by the unscrupulous practitioner by setting up proper safeguards for the protection of injured persons who are claimants.
 5. Insist that the bench be filled with competent, industrious and fearless judges by taking part in the selection of candidates, and by passing laws providing ample compensation and adequate security, so as to attract a greater number of capable men to the bench.
 6. Interest themselves in the subject of all traffic laws and of driver licensing, and accept their responsibility in the enactment of laws, and the enforcement by officials of laws to remove permanently from the highways the incompetent, careless and inefficient driver.
- All four groups — judges, insurance companies, juries and attorneys — must unite to bring back our basic concept of justice in the field of damages.
- All must work in an educational program to inform the public not only of its responsibility but also of the unfortunate consequence it could bring upon this country by irresponsibility. They should educate the public to an understanding that it should make only legitimate claims against insurance companies for legitimate amounts, and that it is just as immoral to cheat in the presentation or evaluation of an insurance claim, as it is to steal from the local store.
- When all of this is accomplished, there will be no need for compensation without regard to fault, and our traditional system of jurisprudence will continue, rehabilitated and made stronger than ever before in our history.

(Speech delivered before the American Bar Association — 1958.)



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FEDERAL INSURANCE COMPANY and associated companies

CHAPTER DIRECTORY

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Meetings—Fourth Wednesday of each month.
President—B. W. Rainwater, Georgia Power Company, Atlanta
Vice-Pres.—William H. Quay, Jr., The Coca-Cola Company, Atlanta
Secy.-Treas.—W. Ray Walker, Citizens & Southern National Bank
 P. O. Box 4899, Atlanta 2, Georgia

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 Peoria 8, Illinois

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 235 Promenade Street
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CHICAGO CHAPTER

Meetings—3rd Thursday of each month, September through May. Dinner 6:00 P.M.
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Vice Pres.—E. R. Zimmerman, American Bakeries Company, Chicago
Treasurer—G. J. Burns, Continental III. National Bank & Trust, Chicago
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DALLAS-FORT WORTH AREA CHAPTER

Meetings—3rd Thursday, each month. Luncheon 12:00 Noon
President—D. H. Mackaman, Campbell, Taggart Associated Bakeries, Inc., Dallas
Vice-Pres.—Raymond C. Harrison, American Petrofino, Inc., Dallas
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Secretary—Miss Annette M. Johnson, The Murray Company of Texas, Inc.
 3300 Canton Street
 Dallas, Texas

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 1401 Arch Street
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Meetings—3rd Wednesday each month. Dinner 6:00 P.M.
President—F. L. Kiernan, Michigan Consolidated Gas Company, Detroit
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Treasurer—C. J. McAdams, Bulldog Electric Products Company, Detroit
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Meetings—2nd Wednesday each month. Luncheon, 11:30 A.M.
President—G. L. Foley, Humble Oil Refining Company, Houston
Vice-Pres.—Wm. A. Holecomb, Jr., Transcontinental Gas Pipeline Corp., Houston
Treasurer—Raymond O. Horn, Quintana Petroleum Corporation, Houston
Secretary—George O. Spencer
 Trunkline Gas Company
 P. O. Box 1642
 Houston 1, Texas

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Meetings—3rd Thursday each month. Dinner 6:30 P.M.; Sept.-June
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Secy.-Treas.—Miss Dorothy L. Graf, L. Greif & Bros., Inc., 401 Homeland Avenue, Baltimore 12, Maryland

MINNESOTA CHAPTER

Meetings—4th Tuesday of each month. Dinner 6:30 P.M.
President—Robert S. Johnsen, St. Paul Terminal Warehouse Company, St. Paul, Minn.
Vice-Pres.—Clyde Thompson, International Milling Company, Minneapolis, Minn.
Secy.-Treas.—M. Scott Rhodes, Owatonna Canning Company
 P. O. Box 88
 Owatonna, Minn.

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Meetings—3rd Thursday October through May. Luncheon, 12 Noon.
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Vice-Pres.—H. H. Cowan, Steinberg's Limited, Montreal.
Secy.-Treas.—Glen Buchanan—The Shawinigan Water & Power Company,
 600 Dorchester St. West
 Montreal, Canada

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Meetings—3rd Thursday of each month. Dinner 6:00 P.M.
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 1 Sansome Street, San Francisco, Calif.

OREGON CHAPTER

Meetings—1st Wednesday of each month. Dinner, 6:00 P.M.
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Secy.-Treas.—R. E. Marcy
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 S. W. Fifth and Stark Streets
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Vice-Pres.—GERALD O. GRIFFIN, Dravo Corporation, Pittsburgh
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 Pittsburgh 22, Pa.

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Treasurer—WALDO W. POWERS, Signal Oil & Gas Company, Los Angeles, California
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 3030 West Sixth Street
 Los Angeles 54, California

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Meetings—Please check with Secretary for place and date.
President—STEWART B. FOULKE, JR., Virginia Electric & Power Company, Richmond, Va.
Vice-Pres.—B. H. McGHEE, Noland Company, Inc., Newport News, Va.
Treasurer—G. T. NEWMAN, Smith-Douglas Co., Inc., Norfolk, Va.
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Georgia Power Company
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Link-Belt Company
Liquid Carbonic Corp.
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Material Service Corporation
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Moorman Manufacturing Co.
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Simoniz Company

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United States Cold Storage Corporation
United States Gypsum Company
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Walgreen Drug Stores
The Willett Company
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CINCINNATI

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Armco Steel Corporation
Bardes Corporation
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Burger Brewing Company
R. K. LeBlond Machine Tool Company
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Cincinnati Gas & Electric Co.
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Company

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Coca-Cola Bottling Company
Collins Radio Co. (Texas Division)
Comet Rice Mills
Dallas Power & Light Co.
Dearborn Stove Company
Dresser Industries, Inc.
The Frito Company
General American Oil Co. of Texas
Gifford-Hill & Co., Inc.
Intercontinental Mfg. Company, Inc.
Lone Star Gas Company
Lone Star Steel Company
Magnolia Petroleum Company
The Murray Company of Texas, Inc.
The Schoellkopf Company
Olmsted-Kirk Company
Otis Engineering Corp.
Dr. Pepper Company
Southern Union Gas Company
Sun Oil Company
Temco Aircraft Corporation
Texas Instruments, Inc.
The Times Herald Printing Company

DELAWARE VALLEY

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Atlas Powder Company
The Atlantic Refining Company
Bestwall Gypsum Company
The Budd Company
Best Markets, Inc.
Campbell Soup Company
Catalytic Construction Company
Certain-teed Products Corporation
E. I. duPont de Nemours & Co., Inc.
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Fidelity-Philadelphia Trust Company
Food Fair Stores, Inc.
General Public Warehouse Company, Inc.
I-T-E Circuit Breaker Company
Keasbey & Mattison Company
Kaiser Metal Products, Inc.
Lavino Shipping Company
Martin Century Farms, Inc.
Mutual Rendering Company, Inc.
Penn Fruit Company
Penn Mutual Life Insurance Co.
Philadelphia Electric Company
The Philadelphia Saving Fund Society
Publicker Industries
Radio Corporation of America
S.K.F. Industries, Inc.
Smith, Kline & French Laboratories
Sun Clothes, Inc.
United Engineers & Constructors, Inc.
The United Gas Improvement Company

DETROIT

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American Blower Corporation
American Motors Corporation
Bull Dog Electric Products Company
Burroughs Corporation

Chrysler Corporation
Darin & Armstrong, Inc.
Davidson Brothers
Detroit Gasket & Manufacturing Company
Detroit Harvester Company
The Detroit Edison Company
Detroit Steel Corporation
Ex-Cell-O Corporation
Fenestra, Inc.
Ford Motor Company
Freuhaufl Trailer Company
Gar Wood Industries, Inc.
General Motors Corporation
Goddard & Goddard Company
The J. L. Hudson Company
Hygrade Food Products Corporation
Kelsey-Hayes Wheel Company
King-Seeley Corporation
S. S. Kresge Company
Lyon Incorporated
McCord Corporation
McLouth Steel Corporation
Michigan Bell Telephone Co.
Michigan Consolidated Gas Company
Michigan Wisconsin Pipe Line Co.
Micromatic Hone Corporation
The Murray Corporation of America
National Bank of Detroit
Parke Davis & Company
Pfeiffer Brewing Company
Square D Company
The Udylite Corporation
The Upjohn Company
The Valeron Corporation
Verners Ginger Ale, Inc.
Woodall Industries, Inc.
Wyandotte Chemicals Corporation

HOUSTON

Ada Oil Company
American Warehouses, Inc.
Anderson Clayton & Company
Bank of the Southwest
Brown and Root, Inc.
Cameron Iron Works, Inc.
Converted Rice, Inc.
The Dow Chemical Co.
Eastern States Petroleum Co. Inc.
Fish Services Corporation
Halliburton Oil Well Cementing Co.
Homco
Humble Oil & Refining Company
Jefferson Lake Sulphur Company
Johnson Testers
Perforating Guns Atlas Corp.
Petro-Tex Chemical Corporation
Quintana Petroleum Corporation
J. Ray McDermott & Company
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River Oaks Corporation
Schlumberger Well Surveying Corp.
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Tennessee Gas Transmission Co.
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Trunkline Gas Company

Tuboscope Company
Union Carbide Chemical Company
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MARYLAND

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City Baking Company
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Elcott Machinery Corporation
L. Greif & Brother, Inc.
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McCormick & Co., Inc.
Mercantile Safe Deposit & Trust Co.
Merchants Terminal Corp.
The National Brewing Co.
Office of Naval Material
Department of the Navy
Newport News Shipbuilding & Drydock Co.
Schmidt Baking Co., Inc.

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Coca-Cola Bottling Co. of Minnesota
The Creamette Co.
Curtis 1000, Inc.
Coast to Coast Stores—
Central Organization, Inc.
The Economics Laboratories, Inc.
Flour City Brush Company
Federal Cartridge Corporation
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Fitger Brewing Company
Fullerton Lumber Company
Gamble-Skogmo, Inc.
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General Mills, Inc.
Green Giant Company
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Hubbard Milling Company
Industrial Aggregate Co.
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Josten Manufacturing Company
Landers-Norblom-Christenson Co.
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Mayo Clinic
Maney Bros. Mill & Elevator Co.
Minneapolis Brewing Company
Minneapolis-Honeywell Regulator Co.
Minneapolis-Moline Company
Minneapolis Star & Tribune Company
Minnesota Mining & Manufacturing Co.
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Munsingwear, Inc.
Nash-Finch Company
The B. F. Nelson Mfg. Co.
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Northrup-King & Company
Northwest Airlines, Inc.
W. S. Nott Company
Owatonna Canning Company
Owatonna Tool Co.
M. F. Patterson Dental Supply Co. of Minnesota
F. H. Peavey & Company
Pillsbury Mills, Inc.
Queen Stove Works, Inc.
Rayette, Inc.
Red Owl Stores, Inc.
Rochester Dairy Cooperative
St. Paul Terminal Warehouse Co.
J. L. Shiely Company
Super Valu Stores, Inc.
Toro Manufacturing Company
Waldorf Paper Products Company
Western Oil and Fuel Company
Wood Conversion Company

MONTREAL

Aluminum Company of Canada, Ltd.
Associated Textiles of Canada Limited
Atlas Asbestos Company Limited
Belding Corticelli Limited
The Bell Telephone Co. of Canada
The Bristol Aeroplane Co. of Canada (1956) Limited
Canadair Limited
Canadian Celanese Ltd.
Canadian Industries Limited
Canadian International Paper Company
Canadian Marconi Company
Canadian Pratt & Whitney Aircraft Company, Ltd.
Canadian Salt Co., Ltd.
Consolidated Paper Corporation Limited
Distillers Corporation—Seagrams Limited
Dominion Bridge Company Limited
Dominion Engineering Works Limited
Dominion Glass Company Limited
Dominion Textile Company Limited
Du Pont Co. of Canada (1956) Ltd.
The Foundation Co. of Canada Limited
Henry Birks & Sons Ltd.
Howard Smith Paper Mills Limited
Imperial Tobacco Co. of Canada Limited
Northern Electric Company, Limited
Molsons Brewery Limited
Price Brothers & Company, Ltd.
Rolls-Royce of Canada, Limited
Shawinigan Chemicals Limited
The Shawinigan Water and Power Company
Standard Chemical Limited
Steinberg's Limited
Thor Mills Limited

NEW YORK

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Allied Stores Corporation
Amerace Corporation
American Airlines

American Broadcasting-Paramount Theatres, Inc.
American Bank Note Co.
American Can Company
American Chicle Company
American Cyanamid Company
American District Telegraph Co., Inc.
American Home Products Corp.
American Machine & Foundry Co.
American Management Association
American Metal Climax, Inc.
American News Co., Inc.
The American Oil Company
Anaconda Company
Anaconda Wire & Cable Company
Arabian American Oil Company
Associated Dry Goods Corp.
Avco Manufacturing Corporation
Avon Products, Inc.
The Babcock & Wilcox Company
Belk Stores, Inc.
Bell Telephone Laboratories
Berkshire-Hathaway, Inc.
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Blades & Macaulay
Sidney Blumenthal & Co., Inc.
The Borden Company
Bristol Myers Company
Burlington Industries, Inc.
The California Oil Company
Canada Dry Corporation
John J. Casale, Inc.
Celanese Corporation of America
The Chase Manhattan Bank
The Chemstrand Corporation
Chesapeake Industries, Inc.
Cities Service Petroleum, Inc.
City Stores Mercantile Company, Inc.
Chilean Nitrate Sales Corporation
Coats & Clark's Sales Corporation
The Coco-Cola Export Corporation
Colgate-Palmolive Company
Columbian Carbon Company
Combustion Engineering, Inc.
Commercial Solvents Corporation
Commonwealth Services, Inc.
Congoleum-Nairn, Inc.
Consolidated Cigar Corp.
Continental Can Company, Inc.
Continental Grain Company
Corporate Advisors, Inc.
Curtiss-Wright Corporation
Daystrom, Inc.
Diesel Vessel Operators, Inc.
Doubleday & Company, Inc.
Dugan Brothers, Inc.
The Dime Savings Bank of Brooklyn
Dow, Jones & Co., Inc.
Ebasco Services Incorporated
Esso Research and Engineering Company
Thomas A. Edison, Inc.
El Paso Natural Gas Company
Electrolux Corporation
Esso Standard Oil Company
Ethyl Corporation
Federal Paper Board Co., Inc.
The First National City Bank of New York

The Firth Carpet Company
The Flintkote Company, Inc.
The F. & M. Schaefer Brewing Company
Foster-Wheeler Corp.
Robert Gair Co., Inc.—Division of Continental Can Company, Inc.
Geigy Chemical Corporation
General Aniline & Film Corporation
General Baking Company
General Dynamics Corporation
General Electric Company
General Foods Corp.
Gibbs & Hill, Inc.
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Great Lakes Carbon Corporation
Guaranty Trust Company
S. Gumpert Co., Inc.
M. & M.'s Candies, A Division of Food Manufacturers, Inc.
Hess, Inc.
Hewitt-Robins, Inc.
Hudson Pulp & Paper Corp.
Imperial Paper & Color Corp.
International Business Machines Corp.
Interchemical Corp.
Johns-Manville Corp.
Johnson & Johnson
A. & M. Karagheusian, Inc.
Kennecott Copper Corporation
Keuffel & Esser Company
Knickerbocker Construction Co.
Lerner Stores Corp.
Lever Brothers Co.
Liggett & Myers Tobacco Co.
Lily-Tulip Cup Corp.
Luckenbach Steamship Company, Inc.
Thomas J. Lipton, Inc.
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McKesson & Robbins, Incorporated
Manufacturers Trust Co.
Merritt-Chapman & Scott Corp.
Metal & Thermit Corp.
Philip Morris Incorporated
Muzak Corporation
National Biscuit Company
National Distillers and Chemical Corp.
National Starch Products, Inc.
The Nestle Company
J. J. Newberry Company
New York Herald-Tribune
Olin Mathieson Chemical Corporation
Otis Elevator Company
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Panaminas Incorporated
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Chas. Pfizer & Co., Inc.
Pitney-Bowes, Inc.
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Refined Syrups & Sugars, Inc.
Reliance Manufacturing Company
Republic Aviation Corporation
Rheem Manufacturing Company
Seagram-Distillers Corp.
Shein's Express
The Sperry & Hutchinson Company
Sperry Rand Corporation
Sperry Gyroscope Co.
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Sunshine Biscuits, Inc.
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Union Carbide Corporation
United Aircraft Corp.
United Hospital Fund of New York
United Merchants & Manufacturers, Inc.
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United States Plywood Corporation
United Whelan Corporation
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Western Electric Company
Westrex Corporation
West Virginia Pulp & Paper Company
Witco Chemical Company
Worthington Corporation
Yale Transport Corporation
Ziff-Davis Publishing Company

NORTHERN CALIFORNIA

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Guy F. Atkinson Company
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Bank of California, N.A.
Bechtel Corporation
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California Packing Corporation
California State Chamber of Commerce
California State Dental Association
Coast Service Company
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The Crocker-Anglo National Bank
Crown Zellerbach Corp.
Cutter Laboratories
Department of Finance — State of California
The Robert Dollar Company
The Emporium Capwell Company
Fibreboard Products, Inc.
The First Western Bank & Trust Company
Foremost Dairies, Inc.
Honolulu Oil Corporation
Kaiser Companies
Kaiser Engineers
Kern County Land Co.
Lando Products, Inc.
Lenkurt Electric Company, Inc.
Leslie Salt Company
Long Stores
Matson Navigation Company
Mund, McLaurin & Company
Pacific Gas & Electric Company
Pacific Guano Co.
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Pacific Intermountain Express Company
Port of Oakland
Roos Bros., Inc.
Rudiger-Lang Company
Safeway Stores, Inc.
Southern Pacific Company

Spreckels Sugar Company
Standard Oil Company of California
Swinerton & Walberg Company
Tidewater Associated Oil Company
Transocean Air Lines
The Union Ice Company
Union Lumber Company
United Air Lines, Inc.
University of California
Utah Construction Company
Wells Fargo Bank
The Western Pacific Railroad Company
Wilbur-Ellis Company

OREGON

The Bank of California, N.A.
Blitz Weinhard Company
Columbia River Packers Association, Inc.
The First National Bank of Portland
Georgia-Pacific Corporation
HYster Company
Industrial Air Products Co.
Jantzen, Inc.
Mail-Well Envelope Co.
Fred Meyer, Inc.
Oregon Pulp & Paper Company
Portland Gas & Coke Company
Robert Brothers
Terminal Ice & Cold Storage Company
The United States National Bank
West Coast Lumbermen's Association
White Stag Manufacturing Co.
Willamette Iron & Steel Company
Zidell Machinery & Supply Co.

PITTSBURGH

Allegheny Ludlum Steel Corporation
Aluminum Company of America
Blaw-Knox Company
John F. Casey Company
Consolidation Coal Company, Inc.
Crucible Steel Company of America
Dravo Corporation
Duquesne Light Company
Eastern Gas & Fuel Associates
Edgewater Steel Company
Eichleay Corporation
Elliott Company
Equipment and Supplies, Inc.
Equitable Gas Company
Fidelity Trust Company
Fort Pitt Bridge Works
Frick & Lindsay Company
Gulf Oil Corporation
Harbison-Walker Refractories Company
E. J. Heinz Company
Koppers Company, Inc.
Mellon National Bank & Trust Company
Mine Safety Appliances Company
G. C. Murphy Company
Natco Corporation
The National Steel Corporation
The National Supply Company
The National-U.S. Radiator Corporation
Neville Chemical Company
Pennsylvania-Transformer Division of McGraw-Edison Company

Pittsburgh Coke & Chemical Company
Pittsburgh Forgings Company
Pittsburgh Plate Glass Company
Pittsburgh Screw & Bolt Corporation
Pittsburgh Steel Company
Pittsburgh & West Virginia Railway Company
H. H. Robertson Company
Rockwell Manufacturing Company
Rockwell-Standard Corporation
The Rust Engineering Company
Schaefer Equipment Company
Shenango Furnace Company
United Engineering & Foundry Company
Watson-Standard Company
Weirton Steel Company
West Penn Power Company
Westinghouse Air Brake Company
Westinghouse Electric Corporation
Youngstown Sheet and Tube Company

SOUTHERN CALIFORNIA

American Potash & Chemical Corp.
Aerojet-General Corporation
Baker Oil Tools, Inc.
Bekins Van & Storage Company
Belridge Oil Company
Blue Diamond Corporation
C. F. Braun & Co.
California Bank
Carnation Company
Citizens National Trust & Savings Bank of Los Angeles
Consolidated Rock Products Co.
Consolidated Western Steel Division of U. S. Steel Corporation
The Copley Press, Inc.
Cypress Mines Corporation
Douglas Aircraft Company, Inc.
Ehrhart & Associates, Inc.
The Flintkote Company (Pioneer Division)
The Fluor Corporation, Ltd.
Forest Lawn Company
The Garrett Corporation
Garett & Company, Inc.
Convair — A Division of General Dynamics Corporation
Gladding, McBean & Company
Graham Brothers, Inc.
The Alfred Hart Distilleries, Inc.
Hunt Foods & Industries, Inc.
Hughes Aircraft Company
Kaiser Steel Corporation
Loew's Incorporated
Latchford Glass Company
Lockheed Aircraft Corp.
North American Aviation, Inc.
Northrop Aircraft, Inc.
The McCulloch Motors Corp.
Marquardt Incorporated
The May Department Stores Co
Metropolitan Water District of Southern California
Owl Enterprises
Pacific Airmotive Corporation
The Ramo-Woolridge Corporation
Griffith Company
Richfield Oil Corporation
Rohr Aircraft Corporation

San Gabriel Valley Water Co.
Security National Bank
Signal Oil & Gas Company
Southern California Edison Company
Southern California Gas Co.
Space Technology Laboratories, Inc.
Sparkletts Drinking Water Corporation
Sun Lumber Company
Superior Oil Company
Title Insurance and Trust Company
Union Bank
Union Oil Company of California
United States Borax & Chemical Corp.
Von's Grocery Company
M. H. Whittier Company

VIRGINIA-CAROLINA

American Enka Corporation
Belk Stores, Inc.
Burlington Industries, Inc.
The Chesapeake Corporation of Virginia
Farmers Cooperative Exchanges, Inc.
Larus & Brother Company, Inc.
David M. Lea & Co., Inc.
Miller & Rhoads, Inc.
National Fruit Product Company, Inc.
Noland Company, Inc.
Overnite Transportation Company
RF & P Railroad Company
Reynolds Metals Company
Smith-Douglas Company
Southern States Cooperative
Union Bag-Camp Paper Company
Virginia Department of Highways
Virginia Electric & Power Company

NON-CHAPTER MEMBERS

Alabama
The Ingalls Iron Works Company, Inc.
Morrison Cafeterias Consolidated Inc.
Vulcan Materials Company
Arizona
Hughes Aircraft Company
Arkansas
The Crossett Company
Colorado
Colorado Fuel & Iron Corp.
Connecticut
Connecticut Light & Power Co.
The Kaman Aircraft Corporation
Scovill Manufacturing Company
The United States Time Corporation
Virginia Newport News Shipbuilding & Drydock Co.
Whitney Chain Company

Florida
Ryder System, Inc.

Georgia
West Point Manufacturing Company

Illinois
Barber-Greene Company
Deere & Company
Granite City Steel Company
Sundstrand Machine Tool Company

Indiana
Insurance Audit & Inspection Co.
Iowa
The Rath Packing Company
Kansas
Boeing Airplane Company (Wichita Division)
The Carey Salt Company
Louisiana
The California Company
Standard Fruit and Steamship Company
United Gas Corporation
Maine
Central Maine Power Company
John H. Magee
Massachusetts
Boston Housing Authority
C. H. Sprague & Son Company
Eastern States Farmers' Exchange, Inc.
Godfrey L. Cabot, Inc.
Howard D. Johnson Company
Pocahontas Fuel Company
Michigan
Gerber's Baby Foods
Missouri
Anheuser-Busch, Inc.
Gaylord Container Corporation
Division of Crown Zellerbach Corp.
Panhandle Eastern Pipe Line Co.
Laclede Steel Company
Monsanto Chemical Company
Standard Milling Company
The Seven-Up Company
Union Electric Company of Missouri
New York
Carrier Corporation
Columbus McKinnon Chain Corp.
Cooperative Grange League Federation Exchange, Inc.
Corning Glass Works
Harold J. O'Neil
Mohasco Industries, Inc.
New York State Electric & Gas Corp.
Rochester Gas & Electric Corp.
Will & Baumer Candle Company
New Jersey
Merck & Company Inc.
Ohio
Addressograph-Multigraph Corporation
Carling Brewing Company
Cleveland Electric Illuminating Company
Cleveland Pneumatic Industries, Inc.
E. I. Evans & Company
E. W. Bliss Company
Firestone Tire & Rubber Company
The Goodyear Tire & Rubber Company
The Halle Brothers Company
Hupp Corporation
Ormet Corporation
The American Crayon Company
The General Tire & Rubber Company

The Hoover Company
The Northern American Coal Corporation
The Ohio Oil Company
The Parker Hannifin Corporation
Peoples Broadcasting Corporation
Oklahoma
Oklahoma Gas & Electric Company
Phillips Petroleum Company
Sunray Mid-Continent Oil Company
Pennsylvania
Aircraft-Marine Products, Inc.
Mathiasen's Tanker Industries, Inc.
Titan Metal Manufacturing Co.
Rhode Island
Gorham Manufacturing Company
Tennessee
Hardwick Stove Company
Rich's Incorporated
Virginia
Pocahontas Fuel Company
Vermont
Central Vermont Public Service Corp.
The National Life Insurance Company
Washington
Boeing Airplane Company
General Construction Company
Halferty Canners, Inc.
Howar S. Wright Construction Company
New England Fish Company
Pacific American Fisheries, Inc.
Pacific Car and Foundry Company
Peoples National Bank of Washington
Puget Sound Bridge and Dredging Company
Puget Sound Power & Light Company
Seattle First National Bank
University Properties, Inc.
West Coast Airlines, Inc.
Weyerhaeuser Timber Company
Whiz Fish Products Company
Washington, D.C.
National Lumber Manufacturers Association
West Virginia
Pennsylvania Glass Sand Corp.
Weirton Steel Company
Wisconsin
A. Geo. Schulz Company
Chain Belt Company
Clark Oil & Refining Corporation
Fred Rueping Leather Company
Harnischfeger Corporation
The Kurth Malting Co.
Nordberg Manufacturing Co.
CANADA
British Columbia Electric Co. Ltd.
Legrade Inc.
Western Canada Breweries Limited
FRANCE
Esso Standard S.A.F.



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Shortest route to Korea

"Losing my best account, I guess," the out-of-town agent answered when his friend, the AIU man, asked what he was doing in New York.

"It's a construction firm," he went on. "They want to bid on some work in Korea but I can't get them any insurance. Even here in New York I get the same answers: 'currency problems,' 'claims problems,' 'service problems,' and 'thanks, but we don't want it.' Korea is a long way from home, and I guess I just can't handle anything that far away."

"Well, why not?" the AIU man demanded. "It's as easy as handling your client's domestic risks."

Agents and brokers who bring foreign risk problems to AIU know that statement applies for many countries. But it may not be well known that AIU is the only American insurance organization offering total service in Korea.

"There's no currency problem," the AIU man went on. "American company policies, written for American dollar premiums, guarantee payment of Amer-

ican dollar losses. The AIU office in Korea is your guarantee of prompt claims or loss settlements. And as far as service goes — we've had nearly 40 years of giving real 'on-the-spot' American-type service.' When you have foreign risks — in Korea or elsewhere — call your regular agent or broker — *and be sure he calls AIU.*



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